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Comparing the Urgent Needs of Nebraska Small Business Owners since the Great Recession

Abbey Rhodes

INTRODUCTION

Of the world's population, 54 percent currently lives in urban areas. By 2050, this figure is expected to rise to 66 percent, leaving neglected rural lands in its wake (United Nations, 2014). The United States is not immune to this trend, as over 80 percent of the population currently lives in urban settings (World Bank, 2009). By 2050, this statistic is expected to grow to 90 percent, leaving many speculating if rural communities will survive. In the Midwest, Nebraskan business owners and employees feel the declining economic tides, where recently only three metropolitan counties experienced an increase in employment (Kauffman, 2016). Urbanization coupled with a weakening agriculture economy induces a pessimistic view of rural communities ever recovering.

However, many are staying optimistic and are determined to revitalize rural areas. Some argue entrepreneurship is a sustainable way to grow rural communities (Drabenstott & Sheaff, 2001), whereas others find the availability of temporary help services, office supply stores, daycare services, local colleges, and trade schools increased income earnings in rural communities (Goetz, 2008). If Nebraska, the United States, and the world want to maintain their strong rural economies, the focus needs to shift toward rural revitalization through promoting entrepreneurship, creating compatible policies, and providing vital resources. Currently, many organizations work hard to achieve rural sustainability. This study seeks to help one particular organization, the Center for Rural Affairs, pinpoint the needs of small business owners in Nebraska by examining data from its Rural Enterprise Assistance Project (REAP) program.

The Center for Rural Affairs is a Nebraskan nonprofit organization whose mission is to establish strong rural communities while engaging local citizens in the decisions affecting their quality of life and the future of their communities (Bailey, Preston, & Beck, 2014). Established in 1973, the Center's research shows that rural communities in Nebraska and the Great Plains suffered economic and social declines in the late 1980s and early 1990s due to a diminishing population and decreased demand for products and services. The REAP program was funded by the Small Business Administration in 1992 to address these challenges and to help enhance the entrepreneurial spirit of small town Nebraska (Bailey, Preston, & Beck, 2014). In 1997, the Nebraska Legislature adopted LB 327, the Microenterprise Development Act, in order to provide services to microbusinesses and entrepreneurs. More recently in 2011, the Business and Innovation Act was signed into law, which implemented a process for grants to be given to micro-loan delivery organizations, such as REAP.

Using the biennial REAP Needs Assessment Survey from 2008 to 2016, this study compares start-up difficulties, current needs, and desired training among business owners in various sociodemographic groups. Based on changing population demographics, rural and

smaller businesses are expected to have different needs than metro and larger businesses. Overall, the results indicate metro county business owners and smaller businesses report more current needs, such as cash, marketing, support, and knowledge, than rural county business owners and larger businesses. This study explains these results using recent reports on urbanization and adds a needs-based view to resource providers who will help shape the future of small business in Nebraska. In the following section, a review of the literature is provided.

LITERATURE REVIEW

Previous studies have focused on the widespread trends of urbanization and how they affect rural communities. By 2050, the world's population maps will appear vastly different, as workers find more economic prosperity in urban areas. In order to revitalize rural communities, some point to entrepreneurship as a sustainable option. However, obstacles include minimal infrastructure and access to resources in remote areas. Rural entrepreneurship can be successful when coupled with inclusive policies that are based on county level indicators of needs and challenges; however, some disagree about which policies will be most effective. The following discussion explores the effects of urbanization on rural communities and the recommendation to achieve a sustainable economy for all.

The world population is following a trend of urbanization, with 54 percent of people currently living in urban areas. Using global census data, the United Nations projects this figure to increase to 66 percent by 2050 (United Nations, 2014). Although the size of the rural population has been increasing, it is expected to reach its peak in 2020 and then drop from approximately 3.4 billion residents to 3.1 billion by 2050. In the United States alone, the statistics are even more startling. Over 80 percent of the population is currently living in urban areas compared to 20 percent in rural areas. This gap is expected to increase to approximately 90 percent of people living in urban areas by 2050, dropping the rural population to just over 10 percent. Urbanization demands nations and states to focus more on housing, infrastructure, transportation, energy, and employment in order to manage its fast growing cities (United Nations, 2014). Urbanization affects rural communities by draining the population, but cities will need to fight their own battles to combat the effects of overcrowding.

The World Bank examined the increasing amount of migration from rural to urban locations, especially in fast-growing economies. In the 2009 World Development Report, the World Bank utilized data from primary World Bank sources, CIA Factbook, the UN, and many more to provide a comprehensive analysis. In the United States, the urban population has increased from 71.9 percent in 2000 to 83.7 percent in 2009 (World Bank, 2009). The report found greater economic densities correlate with increased productivity and a larger opportunity for profit, causing workers and entrepreneurs to move closer to more urban locations. Three priorities for policies are established for areas impacted by different levels of urbanization. For rural areas, governments should remain as neutral as possible and provide basic services to all populations in order to keep hopeful migrators mobile. In rapidly urbanizing areas, governments should allow for connective infrastructure and institutions so the benefits of a growing economy can be equitably shared. In addition to infrastructure and institutions, areas with advanced

urbanization may need targeted interventions so people who chose not to urbanize are not left behind. Economic prosperity is the main motivation causing people to move to urban areas (World Bank, 2009). Policies should not restrict migrators, but rather bridge the gap of economic prosperity between urban and rural communities.

Revitalizing rural America weighs on the mind of many policymakers today, with hundreds of local resource providers working every day to bring us closer to healthy rural communities. Entrepreneurship can help achieve rural revitalization, but those creating their own rural business enterprise often face limited opportunities to reach economies of scale and can struggle to find their unique competitive advantage (Drabenstott & Sheaff, 2001). Drabenstott & Sheaff (2001) found low population density coupled with limited access to markets, capital, labor, peers, and infrastructure can hinder rural entrepreneurship. Rural people tend to be more self-sufficient than urban dwellers, which can also lead them to remaining silent instead of asking for much needed help. The benefits of starting a business in a rural area are the traditions of connectedness and craftsmanship, the quality of life outside of the pressured cities, and the expansion of telecommunication access, which can help combat the isolation of remote locations. Moving forward, Drabenstott & Sheaff (2001) conclude new rural policies should focus on access to resources, investing in intermediary institutions, building up rural infrastructure, and maintaining long standing relationships with rural communities.

Kauffman (2016) focuses on Nebraska's economy by examining data from the Bureau of Labor Statistics, the National Association of Realtors, and Haver Analytics. He explains that, even though the unemployment rate is historically low and wages are rising, the economic growth patterns in Nebraska are becoming unbalanced. Service-sector employment has outpaced goods-sector employment by over 50 percent in metropolitan counties such as Douglas, Lancaster, and Sarpy. Rural areas have a lower concentration of service based firms and tend to focus more on manufacturing and agriculture. In 2015, employment in rural areas weakened by nearly 2 percent while increasing in metro counties by nearly 1.5 percent. Kauffman attributes these differences to the softening farm economy and the connected reductions in the supply chain for agriculture. It is important to consider the different areas of Nebraska instead of relying on state-wide indicators to determine the overall health of rural and urban areas.

Empowering small business owners with the resources to succeed is imperative to the health of rural communities. Goetz (2008) observed that the number of self-employed workers in rural communities has grown by over 160 percent since 1969 compared to only 64 percent of wage and salary workers in the United States. However, the average self-employed worker makes approximately half the amount of income of the average salary worker. This discrepancy calls for particular focus on policy changes in rural areas in order to narrow the gap. Using 1969-2005 data from the Bureau of Economic Analysis, Goetz (2008) found the availability of temporary help services, office supply stores, daycare services, local colleges, and trade schools increased income earnings in rural communities. However, this creates a vicious cycle: small businesses thrive when resources are available, but resources do not become available until

enough small businesses thrive. With the constant increase in self-employed individuals in rural communities, creating public goods in rural areas can help current lagging regions to thrive.

The trend of urbanization is expected to continue well into the future, leaving many speculating about how to manage communities, both urban and rural. The United Nations stressed the importance of increased investment in urban areas to combat overcrowding, while the World Bank advises policy makers to remain neutral unless urbanization becomes more advanced. Others argue rural communities are facing the greater disparity due to less economic growth, limited access to resources, and lower incomes. However, all of the studies commonly found the key to managing urbanization is to increase infrastructure, intermediary institutions, and resources. This study contributes to the discussion by analyzing the difficulties, current needs, and training required by business owners in Nebraska. By comparing business owners by locations and size, resource providers will be able to better serve all communities in Nebraska. The following section describes the data and methods utilized in this study.

DATA & METHODS

Using the biennial REAP Needs Assessment Survey from 2008 to 2016, this study compares the start-up difficulties, current needs, and desired training among business owners in various sociodemographic groups. In this section, the economic theory, survey description, and data are discussed.

Methods

Business owners in rural and metro areas face different challenges. The World Bank determined an increase in the amount of migration from rural to urban locations, especially in fast-growing economies. Greater economic densities correlate with increased productivity and a larger opportunity for profit, causing workers and entrepreneurs to move closer to more urban locations (World Bank, 2009). As urbanization continues, city inhabitants will require additional infrastructure, employment options, sanitation support, and other resources in order to maintain their quality of life (World Bank, 2009). Previous studies suggest that, although rural business owners may have greater support and thus few start-up difficulties in their communities, rural business owners may have more current needs and desired training modules than metro due to the current lack of resources, intermediary institutions, and fewer proximal customers (Goetz, 2008). The economic theories of labor supply and demand help to guide the discussion further. A lower supply of capable employees paired with a decreasing population demanding goods and services in rural areas may affect the prosperity of rural enterprise.

In order to test the differences between various groups of business owners in Nebraska, a comparative analysis was conducted. Multiple sociodemographic variables were collected by the REAP Needs Assessment Survey, but three major categorical groups take focus. First, a comparison of metro counties with a population greater than 50,000 people and rural counties with a population less than 50,000 people is observed. Second, businesses with gross sales of \$100,000 or more are compared to businesses with gross sales of less than \$100,000. Third, larger businesses with six or more employees are compared to smaller businesses with less than

six employees. Other categories, such as age, year of survey, and industry type were tested but not reported due to insignificant results.

To conduct the comparative analysis, two tests are employed. First, an F-test is used to test the variances of the survey responses to determine the necessary test statistic when conducting the t-test. Below are the F-test hypotheses:

$$H_0: \sigma^2_{Xi} = \sigma^2_{Yi}$$

$$H_1: \sigma^2_{Xi} \neq \sigma^2_{Yi}$$

σ^2_X represents the variance of responses in the first group, namely metro, gross sales of less than \$100,000, and businesses with less than six employees. σ^2_Y represents the variance of responses in the second group, namely rural, gross sales of \$100,000 or more, and businesses with six or more employees. The i represents the specific survey answer per start-up difficulty, current need, and desired training module such as cash, marketing, support, knowledge, development, accounting, and technical.

The t-test is used to compare the mean response of the first group of business owners to the mean response of the second group of business owners for each survey question considered. Below are the t-test hypotheses:

$$H_0: \mu_{Xi} \leq \mu_{Yi}$$

$$H_1: \mu_{Xi} > \mu_{Yi}$$

μ_X represents the mean of responses in the first group while μ_Y represents the mean of responses in the second group. The i represents the specific survey answer per start-up difficulty, current need, and desired training module. The following section discusses the survey, the data collected, and how the data was arranged in order to conduct the study.

Data

The REAP Needs Assessment Survey was made available to REAP clients and to local chambers of commerce, economic development organizations, Nebraska Economic Development Association members, the Nebraska Bankers Association, and other service providers who work with Nebraska's small businesses. The survey was given through direct email and as a link on the Center for Rural Affairs' website through the commercial website *Survey Monkey*. The first survey was administered in 2008 and has been given every other year since. In this study, 2008 was dropped due to a fill in the blank format instead of the check box method utilized in 2010, 2012, 2014, and 2016. Hundreds of business owners, lenders, and resource providers have completed the survey with 457 respondents in 2010, 489 respondents in 2012, 497 respondents in 2014, and 587 respondents in 2016.

This study focuses on Nebraskan business owners' start up difficulties, current business needs, and requested training needs. Numerous demographic variables were analyzed, including the business owner's county, sex, age, gross sales, total employees, industry, and stage of business. To conduct the comparative analysis, the variables were condensed into a binomial pair. All counties were split into metro and rural areas; age was separated by over or under 40 years; gross sales were described by over or under \$100,000; and industry types of retail, online, manufacturing, service, construction, and agriculture were separated into retail or service.

Survey respondents had the opportunity to check multiple boxes in the survey. In order to simplify the analysis, the multiple options were grouped into broad categories. Below are the groupings for each question. For example, anyone who checked a lack of start-up cash or obtaining financing from a traditional lender as a start-up difficulty is grouped into having cash start-up difficulties.

	Start Up Difficulties
Cash	Lack of start-up cash, obtaining financing from a traditional lender
Marketing	Marketing, lack of market awareness for my business, finding a location
Support	Adequate business-support network, lack of family/friend-support network
Knowledge	Lack of a written business plan, lack of business finance knowledge, lack of affordable/available legal knowledge or support

	Current Needs
Cash	Working capital, line of credit, short-term lending, long-term lending, refinancing, obtaining financing from a traditional lender, lack of start-up cash
Marketing	Marketing, lack of market awareness for my business, finding a location
Support	Adequate business-support network, lack of family/friend-support network
Knowledge	Lack of a written business plan, lack of business finance knowledge, lack of affordable/available legal knowledge or support, Business succession knowledge (selling the business)

	Desired Training
Development	Marketing & advertising, developing a business plan, social networking
Accounting	Basic bookkeeping, intermediate bookkeeping, advanced bookkeeping
Technical	Succession planning (preparing to exit the business), legal, taxation, regulations

All groups were tested for significant differences in responses from the binomial groups of business owners. The results of the comparative analysis are detailed in the following section.

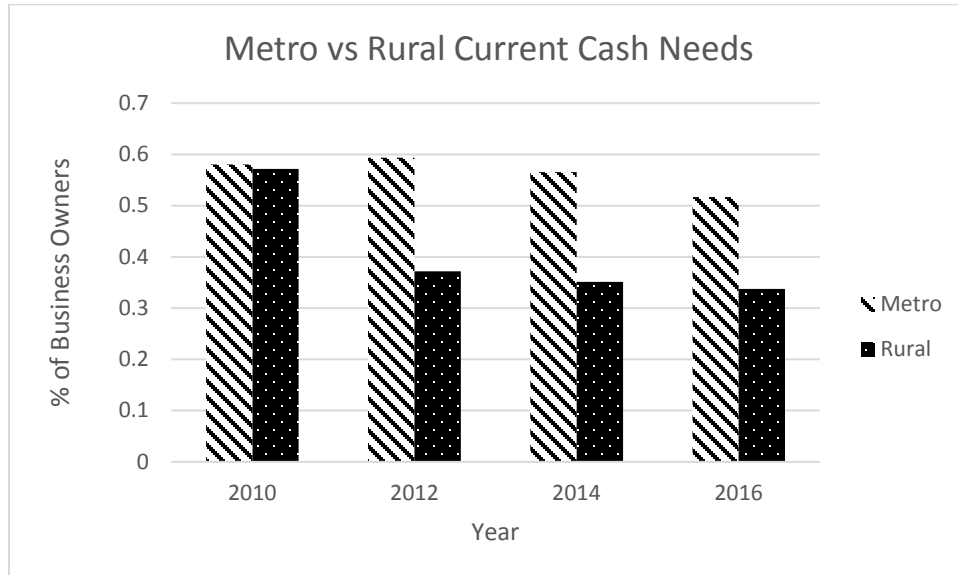
RESULTS

Nine tables are reported in the appendix displaying the descriptive statistics and comparative analysis results. The first three tables present the comparisons between Nebraskan business owners in metro and rural counties. The second three tables show the comparisons between Nebraskan business owners who have gross sales of \$100,000 or more and less than \$100,000. The third three tables present the comparisons between Nebraskan business owners who have six or more employees and fewer than six employees. Contained in the three tables in each section are the results for start-up difficulties, current business needs, and desired training modules of each different group of business owners.

Metro vs Rural. While analyzing metro and rural counties in Nebraska, the expected results are that rural business owners would face fewer start-up difficulties compared to metro counties due to the lower barriers to entry and relatively less competition. Table 1a shows start-up cash, marketing, and knowledge difficulties were often reported with 47% of metro and 40% of rural business owners declaring cash difficulties, 47% of metro and 38% of rural business owners declaring marketing difficulties, and 40% of metro and 30% of rural business owners declaring knowledge difficulties. However, only the response that a business owner did not have any start up difficulties was significant between the two. The F-test showed the variance of metro business owners who had no start-up difficulties is significantly different from the variance of rural business owners who had no startup difficulties. The t-test results showed that the percent of rural business owners who had no start-up difficulties (19.54%) is significantly higher than the percent of metro business owners who had no start-up difficulties (8.33%).

While analyzing metro and rural counties in Nebraska, the expected results are that rural business owners would face more current needs than metro business owners due to the urbanization of the work force, fewer proximal customers, and the focus on rural revitalization. Table 1b shows the results are not consistent with expectations. The F-test results indicated there are no significant differences in the variances of metro and rural counties for cash, marketing, and knowledge; however, there are significant differences for support and no current needs. The t-test result for cash indicated metro business owners (51.67%) have more current cash needs than rural business owners (33.77%). Graph 1 shows that over time metro counties have consistently had greater cash needs than rural except for in 2010 during the recovery of the financial crisis in 2008.

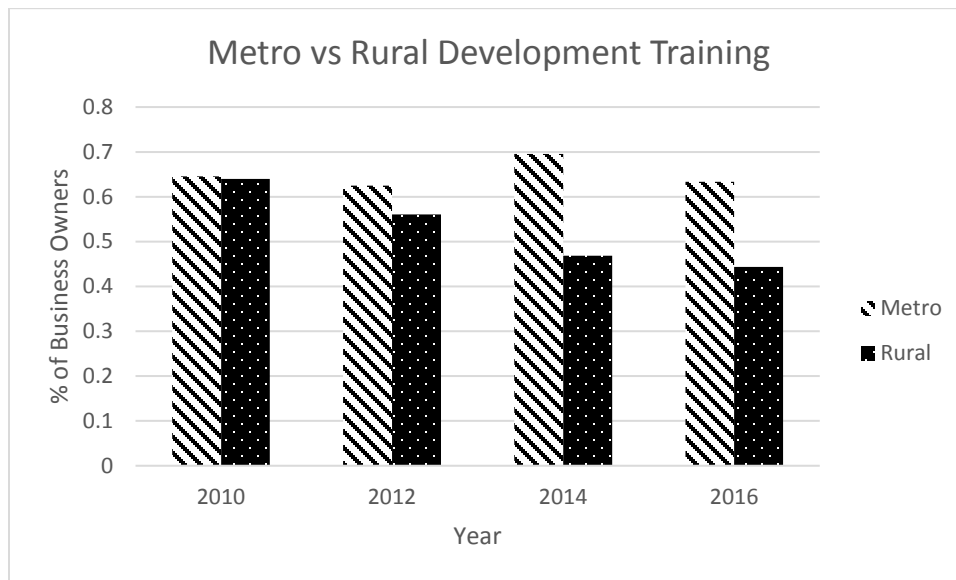
Graph 1. Percent of Current cash needs for Metro and Rural Business Owners 2010-2016



Other t-test results show 1) metro business owners (48.33%) have more current marketing needs than rural business owners (33.77%), 2) metro business owners (25.00%) have more current support needs than rural business owners (13.58%), and 3) metro business owners (41.67%) have more current knowledge needs than rural business owners (29.80%).

While analyzing metro and rural counties in Nebraska, the expected results are rural business owners would require more training modules than metro business owners due to fewer resources in rural areas. Table 1c shows the results are opposite from expectations. The F-test results indicated the variance of metro business owners is not significantly different from the variances of rural business owners. The t-test results show metro business owners (63.33%) desired more developmental training than rural business owners (44.37%). Graph 2 displays the trend that rural business owners had similar developmental training needs to metro business owners in 2010, but their training needs have decreased in recent years.

Graph 2. Percent of Desired Development Training for Metro and Rural Business Owners 2010-2016



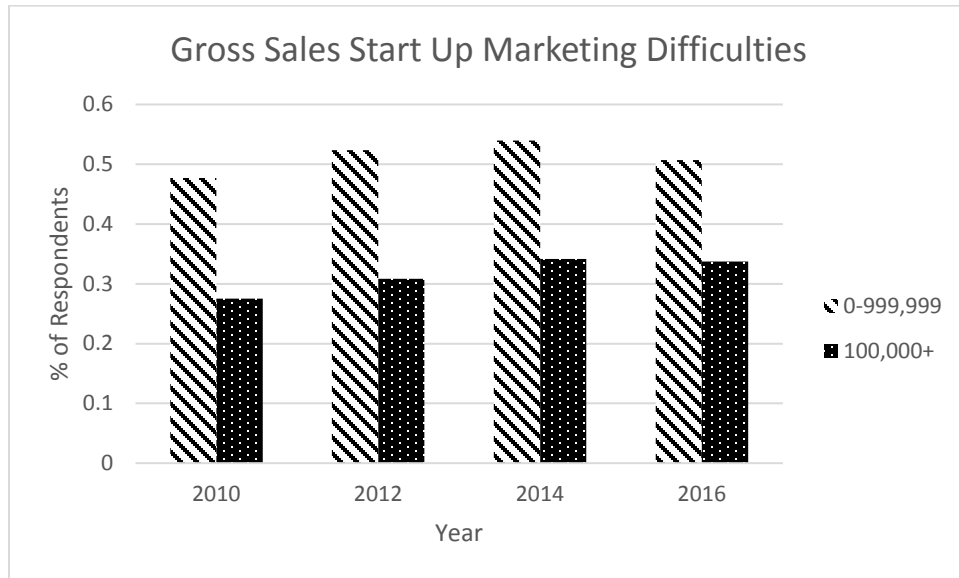
Although not significantly different, the accounting training desired is high for both metro (40.00%) and rural (32.12%) business owners, and the technical training desired is high for both metro (48.33%) and rural (45.36%) business owners.

Overall, Nebraskan business owners had cash, marketing, and knowledge start-up difficulties. However, the current needs of metro business owners are significantly higher than rural business owners. Lastly, the training desired by Nebraskan business owners is relatively high, with metro business owners requiring more development modules than rural business owners.

Gross Sales. Business owners with gross sales of less than \$100,000 are compared to business owners with gross sales of more than \$100,000. The expected results are business owners with less than \$100,000 in gross sales would face more start-up difficulties than business owners with more than \$100,000 in gross sales, due to the perceived more work for less reward at the current stage of the business. Table 2a shows the results are consistent with expectations for marketing, but no other variables are significantly different. F-test results indicated the variance of start-up marketing difficulties for less gross sales is not significantly different from the variance of start-up marketing difficulties for more gross sales. However, the t-test found business owners with less in sales (50.72%) reported more start-up marketing difficulties than business owners with

more sales (33.75%). Graph 3 reveals that business owners with less in sales have had consistently more start-up marketing difficulties than business owners with more sales from 2010 to 2016.

Graph 3. Percent of Start-Up Marketing Difficulties for Business Owners with Greater or Less than \$100,000

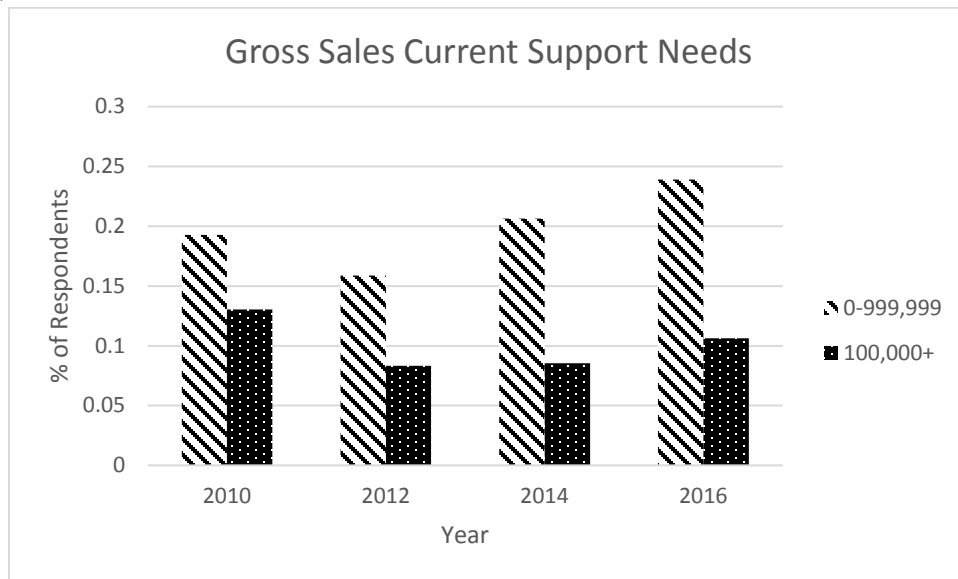


While comparing the current needs of business owners with more or less in sales, the expected result is that business owners with less than \$100,000 in sales will have more current needs than business owners with more than \$100,000 in sales. Table 2b shows these expectations were confirmed. First, although cash and knowledge were not significantly different, 39% of all business owners reported current cash needs, while 31.16% of business owners with less in sales reported greater knowledge requirements compared to 35.63% of business owners with more sales. Differences were found in marketing and support needs. An F-test for current marketing needs indicated no significant difference in the variances between business owners with less or more in sales. Current support needs indicated a significant difference in the variances. The t-test results indicate business owners with less in sales have more current marketing needs (49.28%) and more current support needs (23.91%) than business owners with more sales (30.00% and 10.63%, respectively). Graphs 4 and 5 show that business owners with fewer gross sales consistently need more marketing and support than business owners with more gross sales.

Graph 4. Percent of Current Marketing Needs for Business Owners with Greater or Less than \$100,000



Graph 5. Percent of Current Support Needs for Business Owners with Greater or Less than \$100,000



While comparing the desired training modules of business owners with more or less sales, the expected result is business owners with fewer than \$100,000 in sales will desire more training than business owners with greater than \$100,000 in sales. Table 2c shows the results are interestingly split. Over a third of both groups required training in accounting, with 34.78% of business owners with less in sales and 38.13% of business owners with more sales. Development training desires results are consistent with expectations, while the technical training results are not. The development and technical F-test indicated there is no significant difference between business owners with more or less in sales. The t-test results for development training show that business owners with less sales (56.52%) desire more developmental training than business

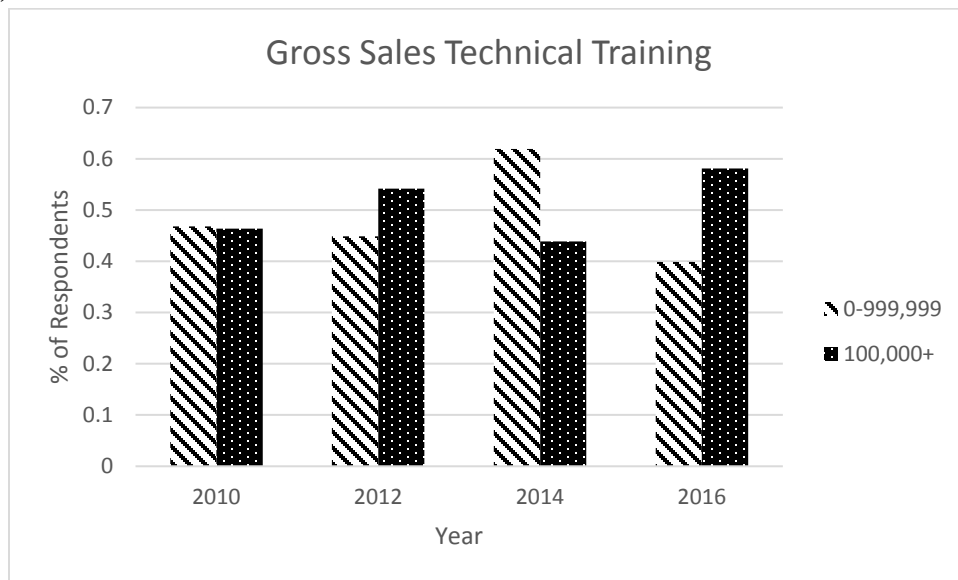
owners with more in sales (46.88%). Graph 6 shows that over time, business owners with less in sales consistently require more developmental training.

Graph 6. Percent of Desired Development Training for Business Owners with Greater or Less than \$100,000



The results for technical training indicate that business owners with more in sales (58.13%) desire more developmental training than business owners with less in sales (39.86%). Graph 7 shows that desired technical training is more variable over the years. Future research could expand on when technical training needs arise throughout the business cycle.

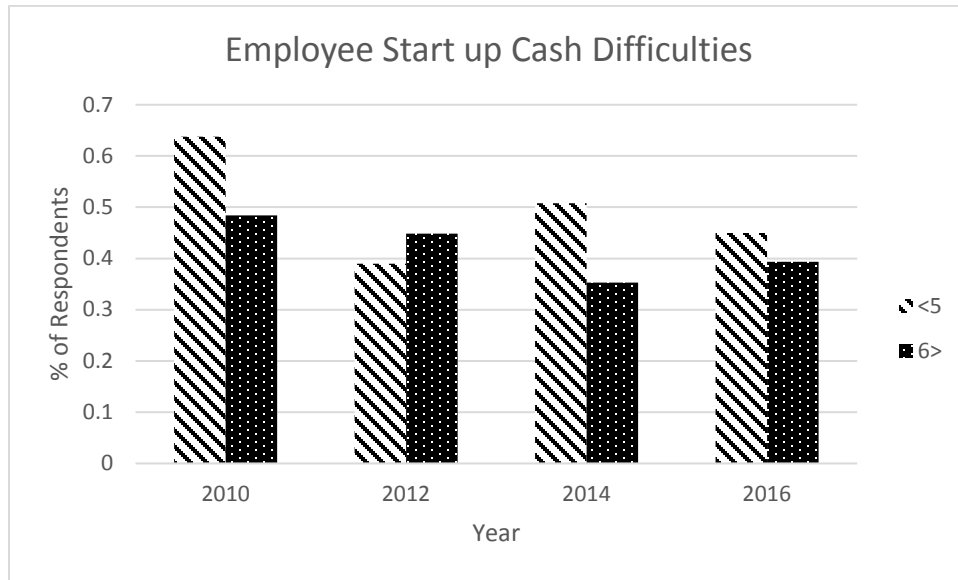
Graph 7. Percent of Desired Technical Training for Business Owners with Greater or Less than \$100,000



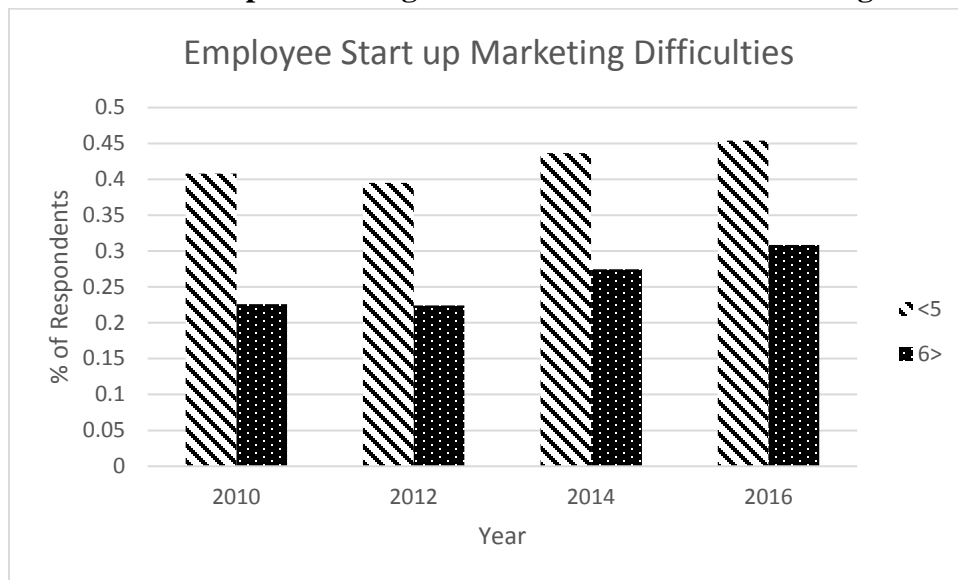
Number of Employees. While analyzing smaller and larger businesses in Nebraska, the expected results are that smaller businesses would face more start-up difficulties than larger businesses due to reduced resources, less internal support, and fewer people with potential

business knowledge. As shown in Table 3a., the results are consistent with expectations as cash, marketing, and knowledge difficulties are significant. For all three variables, the F-test results indicated no significant differences in variance between smaller and larger businesses. The t-test results for cash indicate smaller businesses (44.98%) had more cash start-up difficulties than larger businesses (39.36%). Graph 8 shows this result has varied from year to year, with 2012 even making the opposite case. The results for marketing suggest that smaller businesses (45.38%) had more marketing start-up difficulties than larger businesses (30.85%), and Graph 9 defends the expected results and has remained consistent over the years.

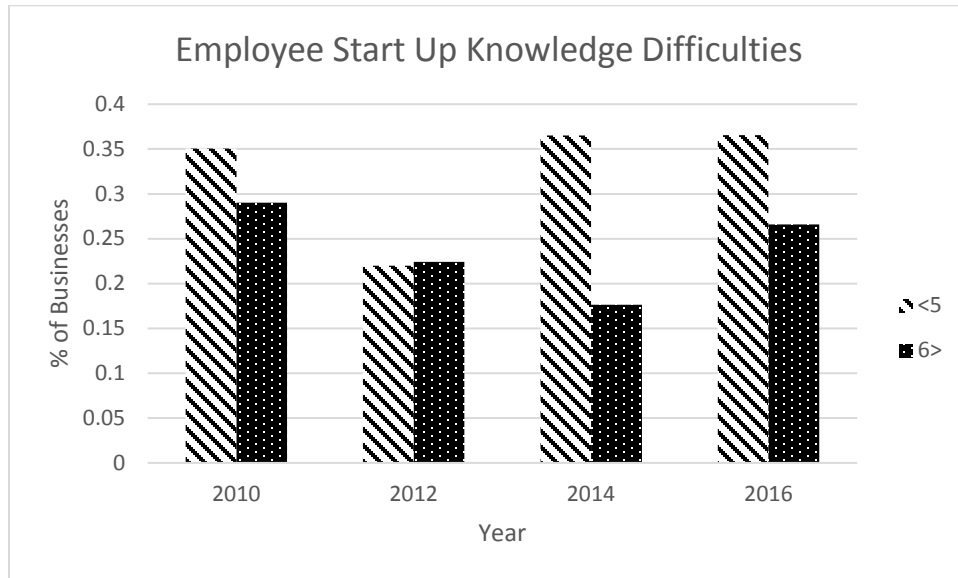
Graph 8. Percent of Start-Up Cash Difficulties for Smaller and Larger Businesses



Graph 9. Percent of Start-Up Marketing Difficulties for Smaller and Larger Businesses

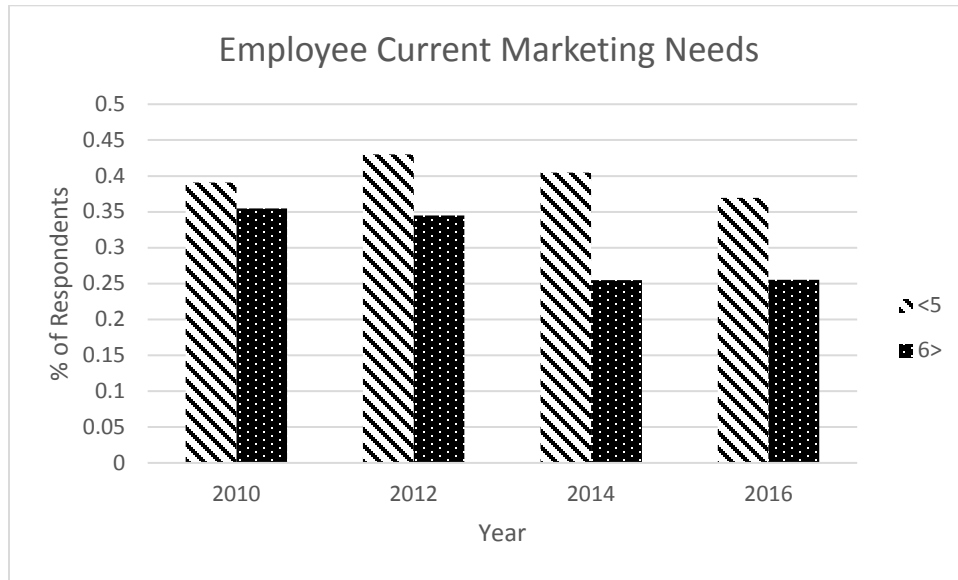


The results for knowledge also show that smaller businesses (36.55%) had more knowledge start-up difficulties than larger businesses (26.60%). Graph 10 shows consistency in recent years, but in 2012 both smaller and larger businesses had similar needs.

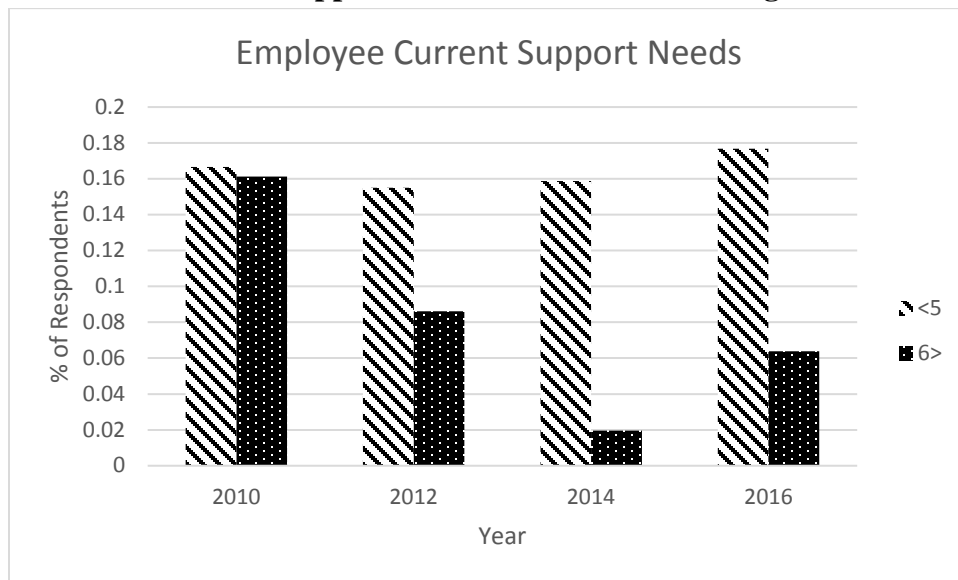
Graph 10. Percent of Start-Up Knowledge Difficulties for Smaller and Larger Businesses

While comparing the current needs of businesses with five or fewer and 6 or more employees, the expected result is smaller businesses have more current needs because they are trying to continue growing with fewer people to help with marketing and operations. Table 3b shows these expectations were confirmed with marketing and support showing significance. For marketing, the F-test results suggest there is no significant difference between the variances of smaller and larger businesses. The t-test results indicate smaller businesses (36.95%) have more current marketing needs than larger businesses (25.53). Graph 11 illustrates smaller businesses consistently have more marketing needs than larger businesses. For support, there is a significant difference between the variances of smaller and larger businesses, and the results indicates that smaller businesses (17.67%) have more current marketing needs than larger businesses (6.38%), which have only marginal support needs. Graph 12 shows that in recent years, the results have been consistent. In 2010, closer to the end of the recession, all businesses needed more support. However, note that all responses are quite low, with all percentages below 20% of business owners.

Graph 11. Percent of Current Marketing Needs for Smaller and Larger Businesses



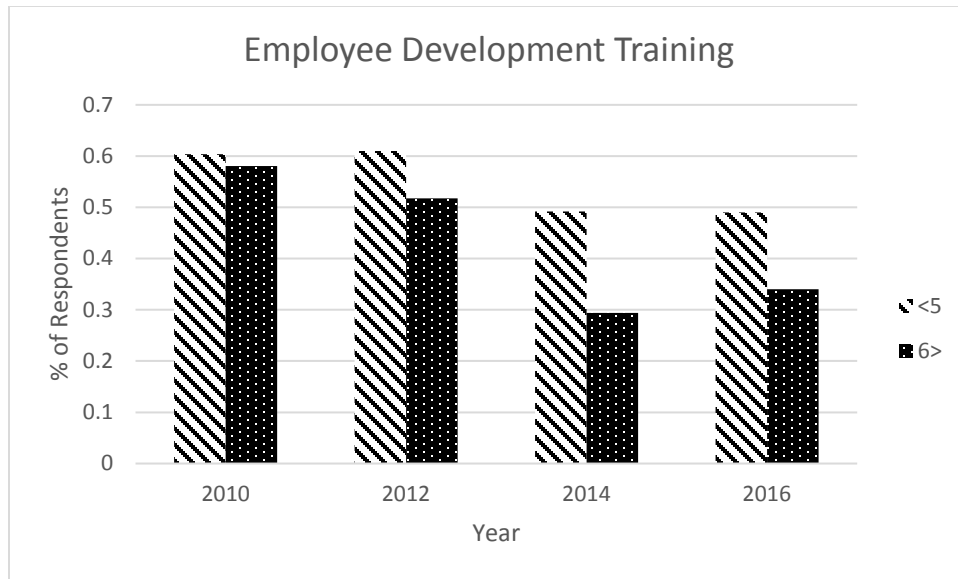
Graph 12. Percent of Current Support Needs for Smaller and Larger Businesses



While comparing the desired training modules of businesses with five or fewer and 6 or more employees, the expected result is smaller businesses have more training needs due to the lack of additional employees who may have more knowledge of running a business. As shown in Table 3c, the expected results were achieved with development training. There is no significant difference in variance between smaller and larger businesses, and the t-test results indicate that smaller businesses (49.00%) require more development training than larger businesses (34.05%). Graph 13 illustrates larger businesses also required more development training closer to the financial crisis, but they have since declined. Smaller businesses have always required more development training. Although not significantly different, there was a high demand of accounting and technical training as well. Approximately a third of smaller (33.33%) and larger

(29.79%) businesses desire accounting training while closer to half of smaller (43.37%) and larger (45.74%) businesses desire technical training.

Graph 13. Percent of Desired Development Training for Smaller and Larger Businesses



Additional Variables

In addition to location, sales, and employees, other variables were tested. Metro and rural counties were tested throughout all years yielding very similar results to metro and rural in 2016. Business owners were analyzed based on age and industry type as well, but there were surprisingly little to no differences between the groups. Each year was also tested against 2016 to determine if responses in general have changed over time. Little to no significant differences between the years were found other than those already highlighted in the results.

SUMMARY & CONCLUSION

The purpose of this study is to compare the start-up difficulties, current needs, and desired training among business owners in various sociodemographic groups in Nebraska. As the effects of urbanization spread throughout Nebraska, the needs of rural and smaller businesses were expected to be different from urban and larger businesses. Additionally, the needs of smaller businesses with fewer employees and gross sales were expected to be different from larger businesses with more employees and gross sales. A comparative analysis was completed for this study using unique biennial REAP Needs Assessment Survey from 2008 to 2016.

Based on the results, expectations were partially met. Both metro and rural business owners reported difficulties with cash, marketing, and knowledge when first starting their business. The only difference was more rural business owners reported no start-up difficulties than metro, which aligns with the previous literature. The results for current needs aligned more closely with the United Nations report, showing metro business owners have more current cash, marketing, support, and knowledge needs than their rural counterparts. This could be due to the lack of supporting infrastructure and overcrowding (United Nations, 2014). Additionally, metro business owners desired more developmental training than rural business owners. Research gathered from the Kansas City FED report expected rural business owners to have access to

fewer resources, thus requiring more training from institutions (Drabenstott & Sheaff, 2001).

Upon reflection, these results may be explained by the World Bank's three priorities for policy. Nebraska is mostly rural, meaning government should remain as neutral as possible and provide basic services for everyone (World Bank, 2009). In Nebraska, the legislature has enacted many policies to provide development to microenterprises and to aid micro-loan delivery organizations in rural areas (Bailey, Preston, & Beck, 2014). Moving forward, REAP should offer assistance equally to both metro and rural counties.

For smaller businesses, expectations were confirmed. Businesses with less than \$100,000 in sales face more start-up marketing difficulties, more current marketing and support needs, and more development training requirements than businesses with more gross sales. Larger businesses reported more technical training requirements. Similarly, businesses with fewer than six employees face more start-up marketing difficulties, more support needs, and more development training requirements than businesses with six or more employees. Smaller businesses may need more assistance in order to grow, but nearly 40 percent of all businesses reported current cash needs. REAP should focus on helping small businesses to become better known while offering financial assistance to both smaller and larger businesses.

As rural and urban demographics continue to change, the REAP project needs to stay informed of trends in order to be successful. The biennial Needs Assessment can help track these trends, but limitations include missing data from many participants, relative differences in perception based on preconceived norms, and difficulty proving cause and effect. In the future, attention to the effects of urbanization on both rural and urban business owners should be observed. Future studies could examine in more detail the solutions to the rural demand problem, marketing for small businesses, and industry type and their success rate in rural areas. REAP, the Center of Rural Affairs, and other resource providers can now focus on the current needs of different sociodemographic business owners across Nebraska and develop strategies that address their specific needs.

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APPENDIX

1. Metro vs Rural 2016

Table 1a. Metro vs. Rural Start-up Difficulties

Starting	Cash		Marketing		Support		Knowledge		None	
	Metro	Rural	Metro	Rural	Metro	Rural	Metro	Rural	Metro	Rural
Mean	0.4667	0.4006	0.4667	0.3774	0.2000	0.1391	0.4000	0.3046	0.0833	0.1954
Std. Deviation	0.0649	0.0282	0.0649	0.0279	0.0521	0.0199	0.0638	0.0265	0.0360	0.0229
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	1.0505		1.0735		1.3545		1.1484		0.4925	
P-Value	0.3855		0.3447		0.0548		0.2292		0.0007	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$		$P > \alpha$		$P < \alpha$	
t-Statistic	0.9475		1.2917		1.2091		1.4460		-2.6282	
P-Value	0.1720		0.0986		0.1137		.0745		.0049	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$		$P > \alpha$		$P < \alpha$	

Table 1b. Metro vs. Rural Current Business Needs

Current	Cash		Marketing		Support		Knowledge		None	
	Metro	Rural	Metro	Rural	Metro	Rural	Metro	Rural	Metro	Rural
Mean	0.5167	0.3377	0.4833	0.3377	0.2500	0.1358	0.4167	0.2980	0.0667	0.1523
Std. Deviation	0.0651	0.0273	0.0651	0.0273	0.0564	0.0197	0.0642	0.0264	0.0325	0.0207
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	1.1316		1.1316		1.1620		1.1776		0.4885	
P-Value	0.2525		0.2525		0.0052		0.1920		0.0006	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P < \alpha$		$P > \alpha$		$P < \alpha$	
t-Statistic	2.6437		2.1512		1.9126		1.8062		-2.2237	
P-Value	0.0043		0.0161		0.0298		0.0359		0.0141	
$\alpha=0.05$	$P < \alpha$		$P < \alpha$		$P < \alpha$		$P < \alpha$		$P < \alpha$	

Table 1c. Metro vs. Rural Desired Training

Training	Development		Accounting		Technical	
	Metro	Rural	Metro	Rural	Metro	Rural
Mean	0.6333	0.4437	0.4000	0.3212	0.4833	0.4536
Std. Deviation	0.0627	0.0286	0.0638	0.0269	0.0651	0.0287
Max	1	1	1	1	1	1
Min	0	0	0	0	0	0
F-Statistic	0.9536		1.1157		1.0212	
P-Value	0.4250		0.2760		0.4406	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	2.7062		1.1810		0.4205	
P-Value	0.0036		0.1192		0.3372	
$\alpha=0.05$	$P < \alpha$		$P > \alpha$		$P > \alpha$	

2. Gross Sales 0-99,999 vs 100,000+ 2016

Table 2a. 1. Gross Sales 0-99,999 vs 100,000+ Start-up Difficulties

Starting	Cash		Marketing		Support		Knowledge		None	
	-	+	-	+	-	+	-	+	-	+
\$100,000	-	+	-	+	-	+	-	+	-	+
Mean	0.4710	0.4250	0.5072	0.3375	0.2101	0.1500	0.4058	0.3313	0.1304	0.1938
Std. Deviation	0.0426	0.0392	0.0427	0.0375	0.0348	0.0283	0.0420	0.0373	0.0288	0.0313
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	1.0185		1.1225		1.3099		1.0931		0.7303	
P-Value	0.4541		0.2402		0.0500		0.2931		0.0294	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P = \alpha$		$P > \alpha$		$P < \alpha$	
t-Statistic	0.7339		3.0430		1.3784		1.3717		-1.4642	
P-Value	0.2318		0.0013		0.0846		0.0856		0.0721	
$\alpha=0.05$	$P > \alpha$		$P < \alpha$		$P > \alpha$		$P > \alpha$		$P > \alpha$	

Table 2b. Gross Sales 0-99,999 vs 100,000+ Current Business Needs

Current	Cash		Marketing		Support		Knowledge		None	
	-	+	-	+	-	+	-	+	-	+
Mean	0.3913	0.3938	0.4928	0.3000	0.2391	0.1063	0.3116	0.3563	0.1449	0.1750
Std. Deviation	0.0427	0.0387	0.0427	0.0363	0.0364	0.0244	0.0396	0.0380	0.0301	0.0301
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	0.9956		1.1957		1.9286		0.9317		0.8635	
P-Value	0.4909		0.1378		0.0000		0.3356		0.1884	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P < \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	-0.1092		3.5014		3.0489		-0.8850		-0.6789	
P-Value	0.4566		0.0003		0.0013		0.1884		0.2489	
$\alpha=0.05$	$P > \alpha$		$P < \alpha$		$P < \alpha$		$P > \alpha$		$P > \alpha$	

Table 2c. Gross Sales 0-99,999 vs 100,000+ Training Desired

Training	Development		Accounting		Technical	
	-	+	-	+	-	+
Mean	0.5652	0.4688	0.3478	0.3813	0.3986	0.5813
Std. Deviation	0.0424	0.0396	0.0407	0.0385	0.0418	0.0391
Max	1	1	1	1	1	1
Min	0	0	0	0	0	0
F-Statistic	0.9886		0.9590		0.9876	
P-Value	0.4740		0.4014		0.4716	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	1.7165		-0.6644		-3.2397	
P-Value	0.0436		0.2535		0.0007	
$\alpha=0.05$	$P < \alpha$		$P > \alpha$		$P < \alpha$	

3. Total Employees 0-5 vs 6+ 2016

Table 3a. Total Employees 0-5 vs 6+ Starting Difficulties

Starting	Cash		Marketing		Support		Knowledge		None	
	5-	6+	5-	6+	5-	6+	5-	6+	5-	6+
Mean	0.4498	0.3936	0.4538	0.3085	0.1526	0.1702	0.3655	0.2660	0.1687	0.2340
Std. Deviation	0.0316	0.0507	0.0316	0.0479	0.0228	0.0390	0.0306	0.0458	0.0238	0.0439
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	0.970908		0.8664		1.0995		0.8475		1.2870	
P-Value	.4424		0.2127		0.2808		0.1782		0.0645	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	-2.3848		-2.4515		0.3982		-1.7401		1.3859	
P-Value	0.0088		0.0074		0.3454		0.04138		0.0833	
$\alpha=0.05$	$P < \alpha$		$P < \alpha$		$P > \alpha$		$P < \alpha$		$P > \alpha$	

Table 3b. Total Employees 0-5 vs 6+ Current Business Needs

Current	Cash		Marketing		Support		Knowledge		None	
	5-	6+	5-	6+	5-	6+	5-	6+	5-	6+
Mean	0.3655	0.2872	0.3695	0.2553	0.1767	0.0638	0.2932	0.3085	0.1406	0.1596
Std. Deviation	0.0306	0.0469	0.0306	0.0452	0.0242	0.0253	0.0289	0.0479	0.0221	0.0380
Max	1	1	1	1	1	1	1	1	1	1
Min	0	0	0	0	0	0	0	0	0	0
F-Statistic	0.8888		0.8216		0.4135		1.0364		1.1176	
P-Value	0.2571		0.1362		0.0000		0.4075		0.2493	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P < \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	-1.3600		-1.9991		-2.6993		0.2764		0.4439	
P-Value	0.0874		0.0232		0.0040		0.3912		0.3287	
$\alpha=0.05$	$P > \alpha$		$P < \alpha$		$P < \alpha$		$P > \alpha$		$P > \alpha$	

Table 3c. Total Employees 0-5 vs 6+ Training Desired

Training	Development		Accounting		Technical	
	5-	6+	5-	6+	5-	6+
Mean	0.490 0	0.340 4	0.333 3	0.297 9	0.433 7	0.457 4
Std. Deviation	0.031 7	0.049 1	0.029 9	0.047 4	0.031 5	0.051 7
Max	1	1	1	1	1	1
Min	0	0	0	0	0	0
F-Statistic	0.9045		0.9474		1.0173	
P-Value	0.2905		0.3874		0.4500	
$\alpha=0.05$	$P > \alpha$		$P > \alpha$		$P > \alpha$	
t-Statistic	-2.4988		-0.6246		0.3935	
P-Value	0.0065		0.2663		0.3471	
$\alpha=0.05$	$P < \alpha$		$P > \alpha$		$P > \alpha$	