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SOCIAL RESPONSIBILITY AND SUCCESSION PLANNING: A QUALITATIVE APPLICATION OF THE THEORY OF PLANNED BEHAVIOR AMONG SMALL BUSINESSES IN VERMONT

A Thesis Presented

by

Alana Marie Izzo

to

The Faculty of the Graduate College

of

The University of Vermont

In Partial Fulfillment of the Requirements
for the Degree of Master of Science
Specializing in Community Development and Applied Economics

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Accepted by the Faculty of the Graduate College, The University of Vermont, in partial fulfillment of the requirements for the degree of Master of Science, specializing in Community Development and Applied Economics.

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ABSTRACT

Small businesses are critically important to the current U.S. economy. This is especially true for Vermont. In 2010, small Vermont businesses represented 96.3% of all employers accounting for approximately 60% of the private sector workforce (SBA, 2013). Entrepreneurs are drawn to Vermont for the quality of life, progressive atmosphere, and its distinction for fostering companies with socially, ethically and environmentally driven missions. Succession is an important stage in a company's life-cycle. Thus, succession planning is a crucial activity for founders, owners or high-level managers, (here after referred to as leaders,) in which to participate. This study explores the current environment of the intersection of social responsibility and succession planning.

In order to examine the confluence of social responsibility value retention and succession planning, each aspect of a leader's intentions needed to be understood. Thus, this study incorporates: a description and analysis of leader's social responsibility attitudes, intentions and behaviors; a description and analysis of leader's succession planning attitudes, intentions and behaviors; and an analysis of the commonalities and distinctions found in the combination of social responsibility and succession planning attitudes, intentions and behaviors.

Semi-structured interviews were conducted with small business leaders from September through December, 2013. The interview sample was intentionally weighted towards business leaders who are known for being socially responsible, due to their expected ability to speak more knowledgeably about social responsibility and its implications for their business.

Findings indicate there is a lack of consensus among leaders in defining social responsibility values/orientation. Most leaders interviewed are thinking about succession planning and how their value-orientation might fit into that process. Applying the Theory of Planned Behavior, this study attempted to identify how attitudes towards social responsibility would impact the leaders' intentions and ultimately their behavior in succession planning.

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CHAPTER 1: INTRODUCTION

1.1. Introduction

Vermont has a unique business environment. One of the most famous companies from Vermont is known worldwide for its high quality product and strong social values. Ben Cohen and Jerry Greenfield were pioneers in socially responsible business. In many ways, Ben & Jerry's set the stage and became an example many other companies have followed.

Nearly four decades after the founding of Ben & Jerry's, Vermont provides an ideal environment in which to conduct research on socially responsible small businesses. Small businesses are important employers in Vermont, representing 96.3% of all employers while employing approximately 60% of the private sector workforce (SBA, 2013). Entrepreneurs are drawn to Vermont for its high quality of life, progressive atmosphere, and distinction in the business world as being a home for companies with socially, ethically, and environmentally driven missions (Morse et al., n.d.). This unique environment has produced highly regarded socially responsible companies, well known at a local, national, and global scale. In addition to Ben & Jerry's, other examples include Seventh Generation, King Arthur Flour and Vermont Creamery.

This research project was specifically developed to take advantage of this unique business environment. Its primary objective was to explore the ways in which small business owners are planning for or incorporating their socially responsible values through and during the succession planning process.

The primary research questions guiding this study were: (1) What are leaders' opinions, definitions, and attitudes towards social responsibility and sustainability as it applies in a business context, (2) What are leaders' opinions, definitions, and attitudes towards succession planning, (3) What role (if any) does social responsibility play in their decision making and planning, and (4) Can the Theory of Planned Behavior be extended to succession planning in non-family business? The study extends the application of the Theory of Planned Behavior to examine socially responsible succession planning, a niche within the disciplines of social responsibility, succession planning and the Theory of Planned Behavior. In-depth semi-structured interviews form the foundation of this exploratory research.

Many of our findings support existing work within these disciplines, as well as stand alone. Our data confirms existing research that there is not a clear definition of social responsibility in a business context. We found that most small business leaders struggled to define social responsibility and instead deferred to defining social responsibility through their applications and actions. Similarly, we found that many small business leaders couldn't define succession planning and were unsure of the specific steps to take in participating in business succession planning. According to current small business leaders, socially responsible succession planning is as fluid as the individual definitions of social responsibility and business succession planning. Finally we found that although most small business leaders were not at the stage of formal succession planning, the leaders strong commitment to social responsibility represents the likelihood that they will plan for and conduct succession planning in a socially responsible way.

1.2. Thesis Format

This thesis is expected to provide evidence that the scholar is capable of using extant literature to inform research questions, method, analysis and inference. Unique to the thesis requirements is the expectation that the scholar will show the ability to present the research results in a manner expected by two distinct audiences: other scholars and practitioners.

Consequently, the thesis is organized as follows:

Chapter 2 will explicate and summarize key literature on small businesses, corporate social responsibility, small business social responsibility, ownership transition, succession planning within the context of small businesses and the Theory of Planned Behavior.

Chapter 3 will report on the specific methodologies used in designing the study, as well as collecting the data, organizing, and analyzing the data.

Chapter 4 presents an empirical article targeted at an academic audience. The most likely outlets for this article, based upon topic and expectations of academic rigor include the *Journal of Business Ethics*, the *Journal of Small Business Management*, and the *Journal of Small Business and Enterprise Development*.

Chapter 5 is an article written for the practitioner and focuses on the concept of socially responsible succession planning. The most likely outlets for this article include the *Social Responsibility Journal*, the *MIT Sloane Management Review*, and the *California Management Review*.

Chapter 6 is the conclusion, final implications and suggested avenues for future research. References and appendices can be found at the end.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Sustaining a business' mission, specifically a socially-responsible mission, through ownership and leadership transitions is a new area of inquiry. Three bodies of literature informs this thesis' focus on socially responsible succession planning in small businesses. Beginning with a review of the special attributes of a business by virtue of its small size, and continuing to a review of the distinguishing attributes of social responsibility, and the potential influence of succession planning on mission continuity, an overview of key concepts and research gaps is offered.

Small businesses are of particular interest because of their economic contribution and the potential for individual-specific values to be embodied in the business' conduct. They represent one of the largest employment sectors in the current economy and are the social and economic backbone of local communities. With fewer individuals at work, there is greater latitude for individual values and beliefs to shape the business' conduct; each person has a greater responsibility and impact on the company as a whole. Finally, the overlap of owner and leader roles offers a position of discretion, responsibility, and often direct interdependent work with employees.

Social responsibility refers to a concern for employees, customers, suppliers, the community, natural resources and the environment in addition to returns to owners. A distinction is made between social responsibility defining a business mission or complementing a mission. When social responsibility (SR) is adapted in small businesses, the leaders have greater latitude to define the business mission as SR as well

as establish a unique perspective or orientation of their SR values. These focused SR perspectives may be highly attached to the business founder or leader and/or they may be more generally dispersed throughout the business. The implication is that variation in the continuity of SR values and practices can occur around transitions in ownership and leadership.

In small businesses, as the founder ages, succession planning becomes increasingly important and of greater consideration. Most research on succession planning comes from studies of family businesses where the focus is on continuity of family ownership and leadership succession. The options for changes in ownership and leadership with their financial and legal implications can overwhelm the small business owner/operator. Consideration of sustaining the mission is but one factor. While a family member may be more likely to sustain an established mission, family transitions are not always possible. Even the extant family business succession literature has yet to address mission continuity as an element of succession planning. In sum, there is an important gap in the literature pertaining to sustaining a socially responsible mission in small businesses and the role that succession planning plays in mission retention.

2.2. Small Business

It is well accepted practice to distinguish businesses from each other based upon size. Small businesses have been defined in two predominant ways. One way is based solely on number of employees. For example, the U.S. Small Business Administration (SBA) defines small businesses as those with fewer than 500 employees. The U.S. SBA

further distinguishes size as an employee count by breaking the number of employees into groups of 1-4, 5-9, 10-19, 20-99, and 100-499 (SBA, 2013). A second way is to combine measures from a set of measures that includes financial assets, market share, numbers of employees and ownership (Curran and Blackburn, 2001). For example, the European Union defines small businesses as those with fewer than 50 employees and which have an annual turnover (sales) that does not exceed €10 million (European Commission, 2003). In contrast, Spence (1999) defines small as businesses with fewer than 50 employees but specifies that those businesses be owner-managed and independent (Spence, 1999).

Though variation in definitions of small business can limit comparability across studies, measurement variation permits an alignment between the definitions of small business size with a study's focus. While simple headcounts offer descriptive comparability, more complex definitions permit richer theoretical arguments about the business' attributes and its outcomes.

A combination of employee headcount and ownership status are particularly appropriate when a study examines the roles of employees and business leaders in the business' conduct. The number of employees is an important indicator in small business for two specific reasons. The smaller the number of employees, the greater the contribution of each employee to the business' outcomes. Additionally, the smaller the number of employees, the greater the likelihood that the owner/leader knows each employee and has a meaningful relationship with them. Simultaneous inclusion of owner/operator status in the definition of a small business pulls in their discretionary

roles and associated accountability for outcomes. Discretion allows the owner/operator the opportunity to easily make and implement decisions. Accountability speaks to the throttle in the exercise of discretion; the owner/operator's responsibility to ensure that multiple interests are addressed and appropriately prioritized.

2.3. Social Responsibility

Definitions of corporate social responsibility (CSR) are commonly based upon the European Commission's publication on "Responsible Entrepreneurship" which defines a responsible entrepreneur as someone who "cares about the health, safety and general well-being of employees and customer; acts as a 'good citizen' in the local community; and is respectful of natural resources and the environment" (European Commission, 2003). Popular authors, like Susan S. Davis, explain CSR as a type of self-regulation that businesses adopt as a part of their corporate consciousness and citizenship. Conscious citizenship is part of the business goal of social responsibility which encourages a company's positive impact on the consumer, community and employees (Davis). Consequently, experts like Jeffrey Hollender maintain that CSR needs to be driven by strong corporate governance and is a vital aspect of every business's future (Hollender, 2011). Inventorying CSR practices and monitoring the public's social perception of a business as a responsible business becomes a key part of CSR practice.

Empirical research on small business social responsibility (SBSR) speaks to types of motives, difficulties, and opportunities for small businesses when pursuing SBSR. Garriga and Melé (2004) distinguish four underlying theoretical motives for SBSR:

instrumental theories (economic issues); political theories (social power issues); integrative theories (social demand issues); and ethical theories (value issues). Lepoutre and Heene (2006) analyze the relationship between business size and SBSR activities focusing on four dimensions including: issue characteristics; personal characteristics; organizational characteristics; and context characteristics. They conclude that small businesses will encounter greater difficulties than larger businesses in undertaking socially responsible initiatives. Owner/managers may be unaware of social and environmental issues (Lepoutre and Heene, 2006). Others point out that small business owners may be aware but hold back on SBSR implementation because they view their social or environmental impact as negligible (Hitchens et al., 2005; Petts et al., 1999). Most commonly, small businesses may lack resources. Tilley (2000) notes that the owner/manager may lack time as a result of his/her elevated responsibility for multiple, simultaneous tasks (Spence, 1999).

Small businesses may have some advantages. Three are particularly important. First, Jenkins (2006) and Murillo & Lozano (2006) show that SBSR is often integrated into small businesses as an ethos—a way of conducting day-to-day activities—without a clearly specified definition within a given company. Senior managers and owners in small businesses are more likely to be directly involved in the promotion and implementation of SBSR practice (Jenkins, 2006).

Second, small businesses may overcome resource scarcity through specialization of SBSR practices (Murillo and Lozano, 2006). Specialization is evidenced in support of social action programs aimed at providing social benefits to employees and their families,

commitment to an environmental sustainability strategy, or actively participating in promoting occupational health and safety standards in their industry. (Murillo and Lozano, 2006).

Third, Lefebvre and Lefebvre (2012) argue that small businesses may be better positioned and equipped to conduct business in a socially and environmentally responsible way as a result of their increased flexibility and community embeddedness. Jenkins (2009) supports this by pointing out opportunities that exist in three areas -- innovation in products and services, serving niche markets, and elaborating new business models – areas that are particularly well-suited to smaller, more nimble businesses.

2.5. Succession Planning

Succession has been an object of research for decades, evolving over time in terms of the subject, audience and theories (Kesner and Sebora, 1994; Pitcher, Chreim, and Kisfalvi, 2000). An important distinction is made between ownership, leadership, and founder succession. Ownership succession focuses on changes in the individuals or entities who have provided financial resources to the business and who have the authority, as long as they are owners to hold leaders accountable for their use of the resources they have provided. Leadership succession focuses on changes in the individual(s) who have the responsibility and authority to establish the business' direction and prioritize resource allocation. Founder succession focuses attention on the individual who established the business; drawing attention to the possibility that a founder succession may involve both ownership and leadership succession. In businesses

that have stayed “small”, it is not uncommon for the owner and leader to be one and the same. Consequently, small business succession planning (SBSP) is likely to involve a founder’s perspective on changes in ownership and leadership.

A distinction is drawn between outsider and insider ownership transitions (Poza, 1989). In outsider ownership transitions, the owner of a business seeks an outside buyer unaffiliated with the enterprise to purchase or take over the operation. These small business take-over’s can be an attractive option for owners because they can result in the most immediate and maximum financial value transfer (Jonovic, 1997; Manning, 1995).

Insider ownership transitions focus on obtaining a buyer currently affiliated with the business and offering alternatives for acquiring partial or complete ownership. Insider ownership transition, can be further simplified into two categories: small-to-small transition, and small-to-large transition. In small-to-small transition the owner sells his/her ownership shares to a single successor, or a small group of successors. Small-to-large succession represents succession when the owner sells his/her shares to a large group of stock holders, such as the employees.

Both outsider and insider ownership transitions incorporate the potential for leadership continuity or leadership change. In combination with the range of ways in which ownership change may be effected, it is evident that planning for succession is complex and requires concerted effort. Succession planning scholars have utilized the Theory of Planned Behavior (Ajzen, 1991) to examine the relationship between attitudes, subjective norms, and perceived behavioral control that influence intentions and thus influence behaviors (Sharma et al, 2003; Wright, 2010).

According to scholars and expert practitioners alike, succession planning is believed to increase the likelihood of successful succession (Sharma, Chrisman, Pablo, and Chua, 2001; Ward, 1987). Although there are a number of options for ownership transfer, there is no clear and agreed-upon "best" option for small business owners. Scholars and professionals agree that a clear succession plan is necessary for smooth and successful transfers of ownership (Dreux et al., 1999; Pomering et al., 2000; Miller, 2012). Succession planning entails deliberate and systematic planning by key players in an organization addressing leadership continuity, preservation and development of intellectual capital, and encouragement of individual advancement in the future (Rothwell, 2001). Ip and Jacobs (2006) expand on Rothwell's work and emphasize that business succession planning encompasses procedures necessary for successful transfer, legal and financial issues, psychological issues, leadership development, and exit strategies.

Research on succession planning clearly indicates that ownership and/or leadership transitions challenge even the most successful businesses (DeMassis, Chua and Chrisman, 2008). Common barriers to establishing or implementing succession planning include: cost of business succession planning and corresponding lack of resources; other work/time demands; overcoming resistance/company policies; and need for performance management (HR Focus, 2003). As succession involves numerous choices, clarifying succession purpose and alternatives is a key element of succession planning.

Three limitations of extant succession planning research are noteworthy. First, the type of succession being effected is not necessarily distinguished from other types of succession. Yet, the significance of distinguishing between owner and leadership roles are evident in definitions and descriptions of succession planning and succession management processes. A key factor in every succession plan to secure future success of the business post-transition is clearly defined and appropriate governance structures to ensure an effective ownership-leadership interface (Bork et al., 1996; Ward, 1991).

Martin et al. (2002) focuses on ownership transition, defining business succession planning as the transfer of a business as a direct result of the owner's wish to retire or to leave the business for some other reason. Ip and Jacobs (2006) note that succession planning can pertain to both ownership and leadership in defining business succession planning as a process in which companies plan for future transfer of ownership and/or top management with success being measured by a continuation of the business at least in the short term. In the family business literature succession planning guidance emphasizes ownership continuity but leadership change. Succession planning has generally been defined as the "deliberate and formal process that facilitate[s] the transfer of management control from one family member to another" (Sharma, 1997). Sharma et al., (2003) argue that succession planning includes: selecting and training a successor; developing a vision or strategic plan for the company after succession; defining the role of the departing incumbent; and communicating the decision to key stakeholders. Giarmarco and Grassi (2008) suggest there are five levels of practical succession planning in a family business (although applicable to all small businesses): set long-term goals and objectives for the

business; determine the business owner's needs for future financial security; determine the future manager and management team (separate from the future owners), determine the allocation of future ownership and how to best transfer ownership; and finally, minimize transfer taxes. (Giarmarco and Grassi, 2008).

Second, research regarding a continued role for a founding owner is equivocal. Some argue it is in the best interest of the business to transfer ownership and have the initial owner take no part in future operations, whereas others argue there are benefits to continued involvement in the firm post-transition (Aronoff, 1998; Potts et al., 2001; Ward, 1987). Potts and Levinson agree that the success of transition relies upon the incumbent owners' readiness and eagerness to pass on responsibility, as well as the relationship of the new owner/managers with the prior owner/manager (Dyer, 1986; Potts et al., 2001; Levinson, 1971). Founder transitions are notably difficult because as the first transition, the business lacks experience planning for and managing transitions (Ip and Jacobs, 2006). How these early transitions are managed likely sets the course for subsequent transitions. Improved understanding of their role in and after succession is warranted.

Finally, although the evidence supports succession planning, there is a gap in the literature addressing if, why and how owners are planning for mission retention as part of their succession plan. Many entrepreneurs build their businesses based on the values central to their ethics. Where there is a lack of planning those core values and ethics can be lost (Lambrecht, 2005). When planning is in place, especially in the context of generational family ownership transfer from the founder to multiple members of the

family, the second generation leadership team is more likely to keep the founders' values and ethics central to the core competencies of the business (Lambrecht, 2005).

In identifying factors that prevent effective intra-family succession (DeMassis et al., 2008) not one indicator addressed succession planning with regard to mission retention or legacy for the successor. Yet, there is a growing body of research that supports the notion that employees who work for mission driven firms tend to have a stronger level of affective commitment to the company (Coldwell et al., 2008; Jones et al., 2013). These engaged employees and the intellectual capital they embody may be key to sustaining growth subsequent to succession. In particular, a company's social, environmental, and/or sustainability orientation and ethics are represented as an evolved collection of core capabilities or competencies and knowledge resources, which are closely connected and mutually dependent (Rastogi, 2003).

Research does not specifically address the longevity of the ethics/mission of a business post-transition (Bracci and Vagnoni, 2011). The growing number of socially responsible and mission driven firms offers an opportunity explore whether those values and the company's mission will endure post ownership- or leadership-succession and the role of succession planning in mission retention.

CHAPTER 3: METHODOLOGY

3.1. Introduction

This study aims to identify if and how small business leaders in Vermont incorporate intentional SR value retention in their succession planning. Building upon research on social responsibility (Van Merrewijk, 2003; Jenkins, 2006, 2009; Murillo & Lozano, 2006; Porter & Kramer, 2006; Lefebvre & Lefebvre, 2012), and succession and family business succession planning (Sharma *et al*., 2001; Sharma, 2004; Venter & Maas, 2005; Ip & Jacobs, 2006; De Massis *et al.*, 2008; Bracci and Vignoni, 2011), this research tests for the fit of the Theory of Planned Behavior (TPB) (Ajzen, 1987, 1991; Ajzen & Fishburn, 1980) in SR and BSP in small business. As such, it examines whether the existing research on family business succession, specifically TPB in family business succession (Sharma *et al.*, 2003; Carr & Sequeira, 2007), can be extended to socially responsible business succession planning among small businesses. This study attempts exploratory research of the niche created by the intersection of SR, BSP and applied TPB.

Owners, or high level managers, were selected as the target population due to their role in succession planning and critical importance to the company. For the remainder of this report, all owners and managers will be referred to as "leaders" of their companies. The objective of this study is derived from the unique values-based, socially responsible business environment that nurtures small businesses in Vermont. The primary research questions guiding this study were: (1) What are leaders' opinions, definitions, and attitudes towards social responsibility and sustainability as it applies in a business context?, (2) What are leaders' opinions, definitions, and attitudes towards succession

planning?, (3) What role (if any) does social responsibility play in their decision making and planning? Qualitative research was conducted in the form of in-depth, semi-structured interviews with a Vermont-based sample was generated from a specific set of criteria. Our sample was ultimately comprised of 14 interviews with leaders from 13 different companies.

3.2. Research Design

Striving for our interviews to flow in a way that would encourage the interviewees' strongest opinions and attitudes, we used a Grounded Theory theoretical perspective to allow for the evolution of frameworks during and after the interviews (Patton, 2002). The objective of our research was not to develop theory, but to explore the emergent themes and reconstruct the underlying social patterns (Hildebrand, 2004; Wagner *et al.*, 2010). As suggested by Miles & Huberman (1984), we designed an interview script informed by existing literature to establish credibility of the study and of the research team. The interview questions were informed by reviews of Jenkins (2004, 2006, 2009), Van Merrewijk (2003), Spence (1999), Lepoutre & Heene (2006), Ip & Jacobs (2006), Sharma *et al.*, (2000, 2001, 2003) and works of other scholars relating to SR and BSP. A semi-structured interview approach was selected to allow for digression and further probing where appropriate, which maintained control to cover the identified topics.

Given our two objectives, we structured our interviews to first, test the relevance and accuracy of our conceptualized definition of SR. We also strived to understand each

firm's specific definition and operationalized application(s) of social responsibility (Berg, 2012). Second, we structured the interview to repeat that process to conceptualize and operationalize how the interviewees viewed and approached business succession planning and its applicability to their firm (Berg, 2012). The interview structure and process will be discussed in greater detail in later sections.

Building off the works of Murillo and Lozano (2006) and Van Merrewijk (2003), we acknowledge the lack of cohesive understanding and agreed upon definition for social responsibility. This problem directly addresses our first research question, understanding how business owners/managers define and apply social responsibility in their business. Here we conceptualize the definition of social responsibility as inclusive of all aspects of environmental, social, ethical, and engagement responsibility. In order to apply to the broader community of small businesses, we have chosen to follow the European Union's definition of a responsible entrepreneur, "someone who cares about the health, safety and general well-being of employees and customer; acts as a 'good citizen' in the local community; and is respectful of natural resources and the environment" (European Commission, 2003).

Van Merrewijk (2003) asserts that differentiated sets of definitions that have been proposed by academic and business professionals alike imply that there is no single definition of corporate sustainability (CS) or CSR, rather the definition manifests itself in the practices applied within the specific firm. Thus, the first objective of this research was to define social responsibility based off existing definitions, and explore how small business leaders define it.

3.3. Identifying the Sample

The sample was created by deliberately selecting a list of companies using a carefully developed list of criteria that was established by the research team. There were four specific criteria used in order to select a list of suitable companies. The four specific criteria included: 1) the company had to be located and have its headquarters in Vermont; 2) the company had to have fewer than 250 full time employees; 3) the business or business leaders had to be known for some aspect of social responsibility; 4) balance in gender representation among the final selected sample. Initially we generated a list of nearly 60 companies. The final sample frame was 13 companies (n=13). The sample frame was intentionally directed towards companies whose leaders are known for being SR oriented because of their expected ability to speak more knowledgably about SR orientation and its implications for their business.

The primary resource used to create the list was the member listings as published on the Vermont Businesses for Social Responsibility (VBSR) website. Additional suggestions were accepted by academic advisors, as well as members of the Vermont small business community. During the interviews, the respondents were asked if they had suggestions of other companies whom they thought would be a viable option for this research study, thus employing a snowball method of selecting a sample frame (Berg, 2012).

The first criterion developed was if the company was located and had its headquarters in the state of Vermont. When the research project was being developed, VBSR was a key source of information on socially responsible companies in Vermont.

VBSR is a non-profit, state-wide trade organization that focuses on promoting business ethics and multiple bottom lines (environmental, social and economic). VBSR was founded in 1990 and has over 1,000 members. Members of VBSR include businesses, independently employed business professionals, and other independent donor members. Membership at VBSR reflects companies across the state, from all sectors. Benefits of being a VBSR member include discounted rates to VBSR Spring and Fall conferences, monthly email updates on socially responsible business and key legislative proceedings, access to an online member directory and discounts from other VBSR members. Additionally, VBSR provides educational resources to members, acts as a networking platform, and is actively engaged in public policy lobbying. VBSR members collectively employ over 14% of Vermont's workforce (VBSR, 2014). Thus, VBSR provided an excellent platform to generate a sample frame comprised of socially responsible companies based in Vermont.

Second, the company had to have fewer than 250 employees. This criterion was developed as a result of our conceptualized definition of small business, which drew from the frameworks of Spence (1999) and the European Commission (2003), to define a small business as one that is largely owner-managed with 250 or fewer employees. The U.S. Small Business Administration (SBA) defines small businesses as those businesses with fewer than 500 employees (SBA, 2013). After investigating the small business landscape in Vermont, it was determined that small businesses with 500 employees actually represented a size of business sample that was quite large in comparison to the rest of the distribution of business size in the state. Therefore, the research team determined that

only small businesses with fewer than 250 employees would be selected as part of the initial sample. The largest company interviewed had 200 employees, while the smallest company interviewed had 8 employees.

Table 1

Vermont Business Employer Figures by Number of Employees

Nonemployer Firms*	Small employers (<500 employees)	Large employers (500+ employees)	Total small businesses+
59,945	17,908	688	77,853

Note. Numbers were published in 2013 and are representative of 2010.
*Nonemployer firms represent independently employed business professionals who do not provide employment for others.
+Total small businesses was calculated by adding nonemployer firms + small employers (<500 employees)

Table 2

Breakdown of Vermont Small Business Employer Figures by Number of Employees

Nonemployer firms	Small employers (<500 employees)	
	1 – 19 employees	20 – 499 employees
59,945	~ 16,100*	~ 1,800*

Note. Numbers are rounded numbers from the SBA Small Business Profile: Vermont. Numbers were published in 2013 and are representative of 2010.
*Numbers were calculated by adding and subtracting from rounded total small employer numbers

Table 3

Vermont Business Figures of Total Employment by Business Size

1 – 19 Employees	20 – 499 Employees	500+ Employees	All Firms Total
64,200	93,500	106,400	264,100

Note. Numbers are rounded numbers from the SBA Small Business Profile: Vermont. Numbers were published in 2013 and are representative of 2010.

The third criterion developed was that the business had to be known for some aspect of social responsibility, such as social, environmental or sustainability orientation. In some instances the companies selected made a point of promoting those values, whereas in other cases selection was based on the recommendation of an advisor or business community member.

The final criterion was selection made to insure equal gender representation among the final sample. Equal gender representation was valued among the research team because men and women often have different leadership styles. It was important to mitigate any sort of gender bias that might influence the data that was collected. Most often, gender identification was of the owner, CEO or highest level manager. The sample varied in some instances when the owner was not available for an interview, so another leader was interviewed. In one instance, an email was sent to a company which had two co-owners, male and female. Both responded and wanted to be part of the study. Their

opinions, leadership styles, and overall answers varied. Ultimately, only the female respondents answers were included in the final data set and analysis. The final gender composition is determined by the subjects who were interviewed, not the initial identified targets. Of the thirteen interviews conducted, six were female and seven were male.

After establishing the four criteria, a master list of 60+ companies was generated. This list was narrowed down to 38 companies that strongly supported the third criteria, decidedly employing some or multiple aspects of social responsibility. From there, the companies were ranked by balancing gender composition of identified leaders, span across industry, and general size by employees. An attempt was made to interview as many companies as possible with fewer than 100 fulltime employees; three companies had more than 100 employees. The final sample size was, n = 13.

Table 4

Demographics of Sample by Subject and Company

Subject Gender	Subject Age	Subject Position	Full-time Employees	Part-time Employees
Female	63	CEO	8	0
Female	38	Director of Strategic Planning	35	30
Female	54	President	25	0
Male	61	President	85	15
Male	48	President & CEO	130	0
Female	68	President & Co-Host	27	325
Male	45	CEO	28	2
Male	35	New Store Development	200	90
Male	74	President	200	40
Female	63	President & Publisher	19	2
Female	54	CEO	45	0
Male	56	President & CEO	30	1
Male	61	CEO	18	9

Note. Data taken from surveys and interviews. (n = 13).

3.4. Contacting the Sample

Twenty-five companies were contacting during the first round of interview requests. An email was sent to the identified individual (owner, CEO, president, high level manager) when personal email addresses were known, or to a general

inquiry/information email address when unknown. The first email introduced the research project, explained why the company had been selected, and what would be involved on their part if they agreed to participate. If no response was received after two days, a follow up email was sent requesting confirmation that they received the first email. All the companies that were not heard from after one week received a final email requesting their participation and provided necessary contact information if interested. Three weeks after the first round of emails were sent, a second round of emails was sent to ten more companies.

Representation of the businesses varied across industries, as outlined by the table below.

Table 5

Demographics of Sample by Company and Key Business Statistics

Sample Number	Industry	Number of Full-time Employees	Year Business was Established	Member of VBSR
101	Development Organization	8	1982	Yes
102	Agricultural Supply	35	1996	Yes
103	Construction	25	1993	Yes
104	Specialty Frozen Food Manufacturer	85	1981	Yes
105	Soft Goods Manufacturer	130	1978	No
107	Resort	27	1886	Yes
108	Food Manufacturing	28	2006	Yes
109	Food & Beverage	200	1986	Yes
110	Resort	200	1950	No
111	Publishing	19	1984	Yes
112	Specialty Food Manufacturing	45	1984	Yes
113	Renewable Energy Manufacturer	30	2006	Yes
114	Beverage Manufacturing	18	2001	No

Note. Data taken from surveys, interviews and VBSR website. (n = 13).

3.5. Interview Protocol

In order to ascertain a comprehensive understanding of the role of values in succession planning among the sample of Vermont based companies, semi-structured in-depth interviews were conducted with each of the participants. A combination of frameworks informed our approach to the interviews. We developed set of questions that was carefully worded and arranged with the intent of leading the interview through a predetermined sequence, which we hypothesized would foster richer data. This framework of question development and interview sequence is commonly referred to as a standardized open-ended interview approach (Patton, 2002). We planned for digression from the standardized open-ended interview approach, which sets strict limitations on flexibility and probing. Therefore we employed a general interview guided approach during the interviews to allow for free-flowing conversation (Patton, 2002). Following the standardized open-ended interview framework, each interview began by outlining the purpose of the interview, the set of topics to be covered, and concluded with a quick assessment by the interviewer to confirm that all topics had been discussed. In an attempt to increase rigor, following Kumar (2005), "another important determinant of the quality of your data is the way the purpose and relevance of the study is explained to potential respondents...," substantial effort was put into explaining the purpose and importance of this research to each subject.

Interviews were the selected method of data collection because they provided a better mechanism for understanding the complex interconnections and relations of the interviewees' opinions and attitudes towards social responsibility. Patton (1990) asserts,

“the purpose of interviewing is to find out what is in and on someone else’s mind. We interview people to find out from them those things we cannot directly observe.” The highly complex, and lack of agreed upon definitions of SR and corporate social responsibility (CSR) made interviewing the practical decision for data collection because it provided the opportunity to digress, ask follow-up questions and further understand the interviewees rationale in responses. Further, conducting interviews in a familiar and natural setting for the subjects fostered an open and comfortable environment which led to free-flowing responses and discussions. Additional benefits to in-depth, semi-structured interviews include the ability to facilitate validity checks and triangulation in analysis (Greenfield, 2002). Finally, interviews were selected as the primary method of data collection because they provide, “great utility for uncovering the subjective side, the native perspective of organizational processes (Greenfield, 2002),” which was an underlying objective of this study.

Despite the many benefits to interviewing, recording and transcribing our own data, there are some weakness to the chosen method of data collection. The primary weaknesses of interviewing as a method of data collection is the opportunity for misinterpretation and dependence on the honesty of respondents. Additionally, the rigor and outcome of interviews depends significantly on the ability of the researchers to systematically, resourcefully and honestly control for bias (Greenfield, 2002).

The interviews were conducted exclusively on the premises of each company, in a private and quiet location when available. The interviews lasted from 25 minutes to slightly over an hour, with most interviews lasting approximately 35–40 minutes, and the

average interview lasting 34.5 minutes. The interview transcript was developed following a thorough review of the literature in the disciplines of social responsibility, (business) succession planning, and applied uses of the theory of planned behavior. Questions focused on leaders' opinions, definitions, applications, historical accounts, as well as current and future intentions. In some cases, questions were developed to further understand inconsistencies in the literature, such as the lack of an agreed upon definition for SR. In other instances, questions were developed as a result of suggestions made by authors for areas of future research.

Each interview started with a general question about the history of the company. This question was designed to get the subject talking and feeling more comfortable with the interview process. The opening question was initially designed as a "throw-away" question, meaning the research team was not expecting to generate useful data, however it proved to be quite the opposite. During the answers to these questions, it became evident in many interviews that the companies in the sample had been founded, and always operated, in a socially responsible way. After the opening question, the interview transitioned into values and social responsibility. Each subject was asked about their values as a leader and as an individual, and which were most important to them. The questions then shifted to how each subject defined social responsibility, how it fit into their company, what obstacles or barriers they faced when implementing their values/SR initiatives, and if they had worked in collaboration with anyone else.

Next, the interviews addressed transitions. This part of the interview opened with what was expected to be another "throw away" question which asked the subjects to

recount all major past transitions in the history of the company. This question was designed to get the interviewees back on track and focused if they had started to digress in the previous section. It was also designed and placed in the beginning of the transitions section to provide comparison on past and future transitions, where applicable. In this section, subjects were asked what the future of their company looked like, what their goals in future transitions were, how they would define succession planning, what their personal timeline for transition was, and what resources had they sought out or were planning to seek out in the succession planning process. Questions were designed to elicit information about the role of SR in BSP, in order to address the dearth evidence on this topic in existing literature (See Appendix 1 for interview questions).

For the purposes of timely focus, attention, and further understanding, all the interviews were recorded using an audio recorder. Additional notes were taken during the interviews to record notable emotion, and/or exceptionally interesting perspectives on a topic. At the completion of each interview, the interviewees were asked to fill out a brief structured questionnaire to gather general demographic information on the sample. Information gathered included: the subjects' age; position within company; highest level of education; years with the company; and number of employees. At the end of the questionnaire there is a space for interviewees to offer suggestions of other companies to interview, and give immediate feedback (see Appendix 2 for structured questionnaire).

All interviews were transcribed in the week or weeks after the interview by members of the research team. The decision to transcribe internally as opposed to outsourcing the work was both a matter of necessity, albeit primarily due to the

opportunity to familiarize extensively ourselves with the data. Transcriptions were completed using HyperTranscribe, the precursor program to HyperResearch, which ultimately was used for coding and analysis.

3.6. Analysis of Data

The objective of our analysis was to first, understand definitions, attitudes, and orientation towards SR and, second, to see if, and how leaders are actively including SR into BSP. Before coding the data, the research team developed a codebook and coded all the interviews using high level and thematic paper-based coding, as well as in-depth coding and application of the codebook using HyperResearch. Inductive analysis was the primary strategy used to analyze the interview transcripts because it allowed us to observe patterns, generate themes, and identify interrelationships within the data (Patton, 2002).

Following the framework suggested by Kumar (2005), we set out first to identify main themes, second, assign codes to the main themes and, third, to classify responses under the main themes. The codebook used in this study was developed and informed by existing literature on the subjects of SR and BSP, and expanded by applying trends that emerged throughout the interviews.

The initial high-level coding was done on paper. The objective of this analysis was to code for major themes and key quotes pertaining to SR orientation and opinions, BSP, and SR in BSP. The subsequent coding was conducted in HyperResearch to code for particular aspects within the larger themes and to identify trends. When notable trends

did not fit existing codes, new codes were developed or the trends were coded using a generally representative code. One notable emergent trend, consistent with the findings of Van Merrewijk (2003) and Murillo & Lozano (2006), was a general inability of subjects to define firmly social responsibility. Instead, many of the interviewees deflected the question defined social responsibility in terms of their activities and initiatives. As a result of the broad range of social responsibility definitions and initiatives, we coded for each different social responsibility initiative that occurred more than once in the interviews. A list of 16 codes was generated which was informed by literature and the interviews. This list consisted of 13 specific codes (communication, community, employees, environmental, finance value, green development, honesty, local, open book management, profit sharing, provide employee benefits, slow development, and social), plus one additional holistic code (socially responsible business) for including additional definitions/initiatives which were not shared by others. Ultimately the codebook consisted of 64 codes and 9 groups.

After the initial in-depth coding was complete, we reviewed the high level, paper based coding and analyzed the specific themes in HyperResearch. The main tool used in HyperResearch was the Report Generator which we used to obtain a general overview of the study. This allowed us to see how often each code was used, thus allowing comparison of key trends. We analyzed for interrelatedness and made note of situations where there was a distinct absence of interrelationships.

During analysis a distinct division appeared among the subjects attitudes towards the use of the term, “socially responsible.” Among the thirteen cases nearly half (six out

of thirteen) showed some disagreement or felt uncomfortable using the term, socially responsible, whereas the other seven cases showed no objections to the use of the term. Disagreement with the use of the term, socially responsible, was expressed primarily due to its evolved use as a "green washing" tactic used by many companies today. Disagreement with the term was not representative of a negative attitude towards "social responsibility" as a concept.

Similar to the division with respect to attitudes towards social responsibility, a partition appeared within the sample dividing those who were Pre-BSP and those who were engaged in BSP. Those that were Pre-BSP represented cases where the subjects have the intention or acknowledge the need for BSP, but have not begun the process, yet. Engaged in BSP is characterized by respondents that are actively engaged in BSP. A small number of these cases had specific succession plans already in place, however most were in the beginning stages of laying out a succession plan. This typology that emerged will be developed in the next section.

3.7. Development of Typology

Comparing the emergent themes related to attitudes towards the term, SR, as well as stages of BSP, a typology emerged which categorized subjects on a continuum (Patton, 2002) based on their attitude towards the use of "SR," and level of engagement in the BSP process.

With respect to levels of engagement in BSP, a distinct continuum emerged that was broken into two categories of (1) pre-succession planning, and (2) engaged in the

planning process. Category labels were developed by using specific attributes as definitional summaries.

Multiple continuums emerged with respect to social responsibility. The researchers assumed that an obvious typology to analyze would be specific SR values, initiatives and applications; somewhat unsurprisingly, there was too much variation in responses to uniquely develop a small number of categories. Fortunately, a strong typology that emerged was that of attitudes towards the use of the term, SR. Social responsibility attitudes were broken into two categories: (1) those who disagreed with the use of the term, "SR"; and (2) those who took no issue with the term, "SR." Thus, we labeled the two categories as those who "Disagree" and those who "Agree."

Table 6

Typology of Attitudes Towards Term, Social Responsibility, and Stages of Succession Planning

		Attitude Towards Term, SR	
		Disagree	Agree
Level of Engagement in BSP	Pre-BSP	2	1
	Engaged-BSP	4	6

Note. Numbers in table represent the frequency of subjects from sample within the categorized boxes. (n=13)

The typology of emergent attitudes towards the use of the term, SR, and stages of BSP was used to categorize each case. Out of the four conditions, each had at least one case. Six of the thirteen cases fell into the "Disagree" category, seven fell into the "Agree" category. Three cases were categorized as "Pre-BSP," ten of the cases were categorized as "Engaged-BSP." This typology was used to analyze the depth and breadth of SR initiatives, as well as apply the Theory of Planned Behavior to make assertions about the role of SR in BSP.

The typology was used first to analyze the depth and breadth of SR initiatives. Lepoutre and Heene (2006) conclude that small businesses will encounter greater difficulties than larger businesses in undertaking socially responsible initiatives. Most commonly, small businesses may lack resources. Tilley (2000) notes that the owner/manager may lack time as a result of his/her elevated responsibility for multiple, simultaneous tasks (Spence, 1999). Thus, primary analysis was targeted at understanding the breadth of SR initiatives in the sample. Thematic aggregation was used to combine similar codes into broader themes. Four distinct themes emerged: Employee Orientation, Environmental Stewardship, Community Engagement and Finance. Codes that were more attitude-centric were excluded from this aggregation. Additionally, the code used to develop the typology, "Disagreement with term, SR" was eliminated from this aggregation to avoid confounding in the analysis. The codes that made up each theme can be found in the table below.

Table 7

Thematically Aggregated Codes in SR Analysis

Employee Orientation	Environmental Stewardship	Community Engagement	Finance
Communication	Environmental	Community	Finance Value
Employees	Green Development	Local	Open-Book Management
Provides Employee Benefits		Social	Profit Sharing
			Slow Development

Note. Definitions of each code can be found in the appendix of this thesis (Appendix C).

Using the typology we first analyzed the cases within each quadrant by comparing and contrasting the presence and absence of themes. Ones and zeros were used to indicate the presence or absence of a theme. One represented the presence, zero represented the absence. A one was determined by if there was a presence of any of the codes that made up that theme in a specific case. For example, Case 105 had a one for Employee Orientation because the presence of Communication, Employees and Provides Employee Benefits were all coded in the analysis. In the thematic coding, a case could receive a one if it represented all or one of the codes from the in-depth analysis. A case was given a zero if it lacked all of the codes that made up that theme, such as Case 105 for Finance. The table below was used to analyze the cases by quadrant and theme.

Table 8

Theme Frequency of Cases by Typology Category

	Company	SR Theme Frequency	Employee Orientation	Environmental Stewardship	Community Engagement	Finance
Pre-BSP & Disagree						
	105	3	1	1	1	0
	109	4	1	1	1	1
Engaged -BSP & Disagree						
	110	2	0	1	0	1
	111	4	1	1	1	1
	113	4	1	1	1	1
	114	2	1	1	0	0
Pre-BSP & Agree						
	108	4	1	1	1	1
Engaged -BSP & Agree						
	101	4	1	1	1	1
	102	4	1	1	1	1
	103	3	1	1	1	0
	104	3	1	0	1	1
	107	3	1	1	1	0
	112	4	1	1	1	1

Note. Data taken from interviews. (n = 13).

In the first quadrant of the typology, Pre-BSP & Disagree, both of the cases shared common themes of Employee Orientation, Environmental Stewardship and Community Engagement. In the next quadrant, Engaged-BSP & Disagree, the commonly shared theme was Environmental Stewardship. Two of the four companies in this category registered the fewest number of themes, two each. Looking at all the cases that fell under Disagree, each shared a value of Environmental Stewardship. Interestingly, the three largest companies in the sample fell into the category of Disagree.

The next quadrant, Pre-BSP & Agree, had the fewest number of cases, one. Because there was only one case there was no option to do a within quadrant analysis. However, this case tallied four out of four themes. Engaged-BSP & Agree had six cases. Of the six cases, shared themes included Employee Orientation and Community Engagement. Looking at all of the cases that fell into the Agree category, all of the cases valued Employee Orientation and Community Engagement.

When analyzing the cases by those that were Pre-BSP and Engaged-BSP, the presence of shared themes was only found in Pre-BSP. The shared themes in Pre-BSP were Employee Orientation, Environmental Stewardship and Community Engagement. The lack of shared themes in "Engaged-BSP" could be due in part to the larger group size. There were three cases in Pre-BSP and ten cases in Engaged-BSP. The two most closely shared themes were Employee Orientation and Environmental Stewardship, each with nine out of ten cases in common.

The data shows that there is not a strong correlation between size and breadth of SR initiatives. The three smallest (101, 111 & 114) and the three largest (105, 109 & 110)

companies shared a value of Environmental Stewardship. The three smallest companies also shared a value of Employee Orientation. The Two largest companies (109 & 110) shared an addition value in common, Finance. This finding mostly confirms the theory of a triple bottom line which asserts a three tiered approach to business: social, environmental and economic initiatives. The two largest companies did not have a shared "social" theme which was due to the absence of that theme. "Social" was partially represented by Employee Orientation and Community Engagement. All four of the themes fell under a larger umbrella of socially responsible business.

Indicators of company size, company age and subjects age did not show significant differences between those that Disagree and Agree. The average size of the business among those cases that Disagree was 99.5 employees. This high number is due to the three cases that employ greater than 100 people, making up half of this segment. Eliminating those three cases, the average size of the company drops to 22.3 employees. Among the cases that Agree, the average size of the company was 36.1 employees. The evidence does not allow us to conclusively state that size of the company has any correlation to the attitude towards the use of the term, SR.

Similar to size of the business, the average age of the business as well as the age of the subject do not provide strong evidence either way in identifying motives for attitudes towards SR. The average age of the businesses that Disagree was 29.8, compared to the average age of those that Agree, 38.6. In the group that Agrees, the outlier for business age, 128 year old, skews the results. When you remove that outlier, the average age of the businesses within that grouping drops to 23.7 years old. Similarly,

the average age of the subject showed no evidence to impact the use of the term; those that Disagreed with the term were on average, 56.2 years old, whereas those who Agreed with the term were on average, 54.7 years old. Again, providing no conclusive evidence that age of the business, or the age of the subject, effects attitudes towards the term, SR.

Another way the data was analyzed was by looking at the cases that has specifically mentioned SR retention in BSP. Unsurprisingly, all three cases that fell into the category of "Pre-BSP" did not explicitly mention SR retention in BSP, most likely due to their pre-succession status. Of the ten cases in the remaining category of "Engaged-BSP," five of them explicitly mentioned some aspect of SR values retention in BSP or transition. Two of the four cases in "Engaged-BSP & Disagree" explicitly mentioned SR retention, whereas three of the six mentioned SR retention in the "Engaged-BSP & Agree." Although only five of the thirteen cases explicitly mentioned SR retention in BSP, data gathered in the interviews suggests that more of the cases would include SR retention in BSP.

Sustaining the SR mission and including SR in BSP has two specific implications for the future of the firm. The first implication is that sustaining the SR mission is tightly connected to sustaining the culture and environment of the business. Maintaining culture and the existing environment through succession is important for employee happiness and productivity. According to Jenkins (2006), SR is often tightly connected to the founder or leader. Thus, planning for SR retention would be key to a successful BSP with SR-minded leaders. Second, SR retention is critical in firms that have developed a competitive advantage as a result of their SR orientation. Losing touch

with that SR mission could result in decreased customer satisfaction and/or decreased sales or revenue.

3.8. Analysis of a Theory of Planned Behavior Fit

The Theory of Planned Behavior represents an ideal framework for exploring leader intentions (Wright, 2010). Following the work of Sharma *et al.*, (2003), this research studies the current or intentional role of social responsibility values in the process of business succession planning. Much of the existing research applying TPB in succession has been done through the lens of family business (Sharma *et al.*, 2003; Carr & Sequeira, 2007). Thus, again we apply the family business literature to a small business framework due to lack of empirical evidence specific to small businesses, which is acceptable because of the similarities between the two (Deniz & Suarez, 2005). In accordance with the work Sharma *et al.*, (2003) who assert the strong fit of the theory of planned behavior for studying succession, we explored the ways small business leaders are applying SR to BSP, and how TPB supports the current situation and provides a lens to theorize future situations.

Expounding on the work of Sharma *et al.*, (2003) and Wright (2010), and applying TPB (Ajzen, 1987, 1991; Ajzen & Fishburn, 1980), we attempted to decipher the extent to which the incumbent leaders' value SR initiatives as part of BSP. As the theory of planned behavior affirms, attitudes become intentions, and intentions inform behavior. Following the qualitative approach taken by Wright (2010), we coded the data representing evidence of SR Attitudes, SR Subjective Norms, SR Perceived Behavioral

Control (PBC), BSP Attitudes, BSP Subjective Norms, and BSP PBC. The primary objective of this coding was to explore whether there was a connection between attitudes towards SR and attitudes towards BSP. Attitudes towards BSP were coded in two ways. First, general attitudes towards BSP, such as a favorable or unfavorable attitude, open-minded or close-minded, etc. Second, attitudes specifically relating to SR in BSP were coded. Examples of BSP attitudes incorporating SR attitudes occurred when SR topics were addressed which were congruent with their previously mentioned definitions and/or applications of SR.

Ultimately, using the report generator tool in HyperResearch, we compared SR Attitudes with BSP Attitudes, SR Subjective Norms with BSP Subjective Norms, and SR PBC with BSP PBC. We analyzed the relationship of TPB codes within the sample, such that SR Attitudes of Case 101 were compared with BSP Attitudes of Case 101, as well as across cases. When analyzing across the cases, we looked for connections among the emerging themes from each case. The table below reports the presence and absence of the TPB codes.

Table 9

Presence and Absence of TPB Codes in Data Analysis

Case	Social Responsibility			Business Succession Planning		
	Attitude	Subjective Norm	Perceived Behavioral Control	Attitude	Subjective Norm	Perceived Behavioral Control
101	1	1	1	1	0	1
102	1	1	1	1	1	1
103	1	0	1	1	1*	1
104	1	1	1	1	1	1
105	1	0	1	1	1^	1
107	1	0	1	1	1	1
108	1	1	0	1	1^	1
109	1	1	1	1	0	1
110	1	1	1	1	1	1
111	1	1	1	1	1	1
112	1	1	1	1	1	1
113	1	1	1	1	1	1
114	1	1	1	1	1	1

Note. (n=13) * Indicates that the respondent directly referred to how they intentionally do not seek out approval of others, aka those in his/her reference group
^ Indicates that the respondent referred to the need to get outside help with the process

As this table indicates the presence of SR Attitudes (13/13) and PBC (12/13), as well as BSP Attitudes (13/13) and PBC (13/13) was very high. There was not as high of a presence of SR Subjective Norms (10/13) and an inconsistent presence of BSP Subjective Norms (11/13*^). BSP Subjective Norms were a unique situation because one respondent directly spoke to how he/she intentionally did not speak to anyone in his/her reference group about succession planning efforts due to expected and unwanted criticism. Additionally, two respondents referenced their plans to seek outside help during BSP although they were not at that stage yet.

This study focused specifically on small businesses in Vermont, although four of the businesses that were interviewed also qualified as family businesses. While this was not an objective of this research study, it provided an opportunity to test and determine a fit for the TPB as it has historically been applied to the family business context. The table below shows the family firms with the data from Table 9 above.

Table 10

Presence and Absence of TPB Codes in Data Analysis of Family Firms in Sample

Case	Social Responsibility			Business Succession Planning		
	Attitudes	Subjective Norms	Perceived Behavioral Control	Attitudes	Subjective Norms	Perceived Behavioral Control
105	1	0	1	1	1^	1
107	1	0	1	1	1	1
109	1	1	1	1	0	1
110	1	1	1	1	1	1

Note. ^ Indicates that the respondent referred to the need to get outside help with the process

According to classic family business literature applying TPB, behaviors in succession planning can be predicted based on a leader's attitudes, subjective norms and perceived behavioral control. As such, the data was coded for the presence of SR Attitudes, SR Subjective Norms, SR PBC, BSP Attitudes, BSP Subjective Norms, and BSP PBC. The findings support existing literature with the presence of SR Attitudes and PBC, as well as BSP Attitudes and PBC, however there is an inconsistency with the presence of SR and BSP Subjective Norms. The consistent presence of Attitudes and PBC, and inconsistent presence of Subjective Norms indicated that the leaders who were interviewed had a strong sense of individualism.

CHAPTER 4: ARTICLE 1

4.1. Introduction

While the breadth and depth of business literature is representative of decades of research, small business literature lags in certain areas. Specific aspects of small business operations, cycles and competitive advantages are not as well documented as those of corporate business. Corporate social responsibility (CSR), has been studied at length by various business scholars and professionals (Murillo and Lozano, 2006; Porter and Kramer, 2006). However, there is limited research on small business social responsibility (SBSR), or the small mission driven business (Jenkins, 2006). Furthermore, there has been extensive research done on small and family business ownership transition. However, there is a gap in the literature linking issues of socially responsible small businesses, succession planning and what role, if any, social responsibility plays in succession planning. This research study targets that gap in the literature as an opportunity and begins to fill the need for exploratory analysis. In addition to analyzing the gap in the literature via the data collected, we opted to apply the Theory of Planned Behavior to see if there is a link between socially responsible attitudes, socially responsible intentions, and ultimately the predicted behavior.

This study aims to identify if and how small business owners/leaders, here after referred to as leaders, in Vermont are incorporating intentional socially responsible value retention in their succession planning efforts. The objective of this study was developed as a result of the unique values-based, socially responsible business environment that gives rise to many small businesses in Vermont. The primary research questions guiding

this study were: (1) what are leaders' opinions, definitions, and attitudes towards social responsibility and sustainability as it applies in a business context; (2) how are these leaders approaching succession planning; (3) what role (if any) does social responsibility play in their decision making and planning. Qualitative research was conducted in the form of in-depth, semi-structured interviews with a Vermont based sample that was generated out a specific set of criteria. The sample was ultimately comprised of 14 interviews with leaders from 13 different companies.

4.2. Theoretical Background

Sustaining a business' mission, specifically a socially-responsible mission, through ownership and leadership transitions is a new area of inquiry. Three bodies of literature informs this thesis' focus on socially responsible succession planning in small businesses. Beginning with a review of the special attributes of a business by virtue of its small size, and continuing to a review of the distinguishing attributes of social responsibility, and the potential influence of succession planning on mission continuity, an overview of key concepts and research gaps is offered.

Small businesses are of particular interest because of their economic contribution and the potential for individual-specific values to be embodied in the business' conduct. They represent one of the largest employment sectors in the current economy and are the social and economic backbone of local communities. With fewer individuals at work, there is greater latitude for individual values and beliefs to shape the business' conduct; each person has a greater responsibility and impact on the company as a whole. Finally,

the overlap of owner and leader roles offers a position of discretion, responsibility, and often direct interdependent work with employees.

Social responsibility refers to a concern for employees, customers, suppliers, the community, natural resources and the environment in addition to returns to owners. A distinction is made between social responsibility defining a business mission or complementing a mission. When social responsibility (SR) is adapted in small businesses, the leaders have greater latitude to define the business mission as SR as well as establish a unique perspective or orientation of their SR values. These focused SR perspectives may be highly attached to the business founder or leader and/or they may be more generally dispersed throughout the business. The implication is that variation in the continuity of SR values and practices can occur around transitions in ownership and leadership.

In small businesses, as the founder ages, succession planning becomes increasingly important and of greater consideration. Most research on succession planning comes from studies of family businesses where the focus is on continuity of family ownership and leadership succession. The options for changes in ownership and leadership with their financial and legal implications can overwhelm the small business owner/operator. Consideration of sustaining the mission is but one factor. While a family member may be more likely to sustain an established mission, family transitions are not always possible. Even the extant family business succession literature has yet to address mission continuity as an element of succession planning. In sum, there is an

important gap in the literature pertaining to sustaining a socially responsible mission in small businesses and the role that succession planning plays in mission retention.

4.2.1. Small Business

It is well accepted practice to distinguish businesses from each other based upon size. Small businesses have been defined in two predominant ways. One way is based solely on number of employees. For example, the U.S. Small Business Administration (SBA) defines small businesses as those with fewer than 500 employees. The U.S. SBA further distinguishes size as an employee count by breaking the number of employees into groups of 1-4, 5-9, 10-19, 20-99, and 100-499 (SBA, 2013). A second way is to combine measures from a set of measures that includes financial assets, market share, numbers of employees and ownership (Curran and Blackburn, 2001). For example, the European Union defines small businesses as those with fewer than 50 employees and which have an annual turnover (sales) that does not exceed €10 million (European Commission, 2003). In contrast, Spence (1999) defines small as businesses with fewer than 50 employees but specifies that those businesses be owner-managed and independent (Spence, 1999).

Though variation in definitions of small business can limit comparability across studies, measurement variation permits an alignment between the definitions of small business size with a study's focus. While simple headcounts offer descriptive comparability, more complex definitions permit richer theoretical arguments about the business' attributes and its outcomes.

A combination of employee headcount and ownership status are particularly appropriate when a study examines the roles of employees and business leaders in the business' conduct. The number of employees is an important indicator in small business for two specific reasons. The smaller the number of employees, the greater the contribution of each employee to the business' outcomes. Additionally, the smaller the number of employees, the greater the likelihood that the owner/leader knows each employee and has a meaningful relationship with them. Simultaneous inclusion of owner/operator status in the definition of a small business pulls in their discretionary roles and associated accountability for outcomes. Discretion allows the owner/operator the opportunity to easily make and implement decisions. Accountability speaks to the throttle in the exercise of discretion; the owner/operator's responsibility to ensure that multiple interests are addressed and appropriately prioritized.

4.2.2. Social Responsibility

Definitions of corporate social responsibility (CSR) are commonly based upon the European Commission's publication on "Responsible Entrepreneurship" which defines a responsible entrepreneur as someone who "cares about the health, safety and general well-being of employees and customer; acts as a 'good citizen' in the local community; and is respectful of natural resources and the environment" (European Commission, 2003). Popular authors, like Susan S. Davis, explain CSR as a type of self-regulation that businesses adopt as a part of their corporate consciousness and citizenship. Conscious citizenship is part of the business goal of social responsibility which encourages a company's positive impact on the consumer, community and employees (Davis).

Consequently, experts like Jeffrey Hollender maintain that CSR needs to be driven by strong corporate governance and is a vital aspect of every business's future (Hollender, 2011). Inventorying CSR practices and monitoring the public's social perception of a business as a responsible business becomes a key part of CSR practice.

Empirical research on small business social responsibility (SBSR) speaks to types of motives, difficulties, and opportunities for small businesses when pursuing SBSR. Garriga and Melé (2004) distinguish four underlying theoretical motives for SBSR: instrumental theories (economic issues); political theories (social power issues); integrative theories (social demand issues); and ethical theories (value issues). Lepoutre and Heene (2006) analyze the relationship between business size and SBSR activities focusing on four dimensions including: issue characteristics; personal characteristics; organizational characteristics; and context characteristics. They conclude that small businesses will encounter greater difficulties than larger businesses in undertaking socially responsible initiatives. Owner/managers may be unaware of social and environmental issues (Lepoutre and Heene, 2006). Others point out that small business owners may be aware but hold back on SBSR implementation because they view their social or environmental impact as negligible (Hitchens et al., 2005; Petts et al., 1999). Most commonly, small businesses may lack resources. Tilley (2000) notes that the owner/manager may lack time as a result of his/her elevated responsibility for multiple, simultaneous tasks (Spence, 1999).

Small businesses may have some advantages. Three are particularly important. First, Jenkins (2006) and Murillo & Lozano (2006) show that SBSR is often integrated

into small businesses as an ethos—a way of conducting day-to-day activities—without a clearly specified definition within a given company. Senior managers and owners in small businesses are more likely to be directly involved in the promotion and implementation of SBSR practice (Jenkins, 2006).

Second, small businesses may overcome resource scarcity through specialization of SBSR practices (Murillo and Lozano, 2006). Specialization is evidenced in support of social action programs aimed at providing social benefits to employees and their families, commitment to an environmental sustainability strategy, or actively participating in promoting occupational health and safety standards in their industry. (Murillo and Lozano, 2006).

Third, Lefebvre and Lefebvre (2012) argue that small businesses may be better positioned and equipped to conduct business in a socially and environmentally responsible way as a result of their increased flexibility and community embeddedness. Jenkins (2009) supports this by pointing out opportunities that exist in three areas -- innovation in products and services, serving niche markets, and elaborating new business models – areas that are particularly well-suited to smaller, more nimble businesses.

4.2.3. Succession Planning

Succession has been an object of research for decades, evolving over time in terms of the subject, audience and theories (Kesner and Sebora, 1994; Pitcher, Chreim, and Kisfalvi, 2000). An important distinction is made between ownership, leadership, and founder succession. Ownership succession focuses on changes in the individuals or entities who have provided financial resources to the business and who have the

authority, as long as they are owners to hold leaders accountable for their use of the resources they have provided. Leadership succession focuses on changes in the individual(s) who have the responsibility and authority to establish the business' direction and prioritize resource allocation. Founder succession focuses attention on the individual who established the business; drawing attention to the possibility that a founder succession may involve both ownership and leadership succession. In businesses that have stayed "small", it is not uncommon for the owner and leader to be one and the same. Consequently, small business succession planning (SBSP) is likely to involve a founder's perspective on changes in ownership and leadership.

A distinction is drawn between outsider and insider ownership transitions (Poza, 1989). In outsider ownership transitions, the owner of a business seeks an outside buyer unaffiliated with the enterprise to purchase or take over the operation. These small business take-over's can be an attractive option for owners because they can result in the most immediate and maximum financial value transfer (Jonovic, 1997; Manning, 1995).

Insider ownership transitions focus on obtaining a buyer currently affiliated with the business and offering alternatives for acquiring partial or complete ownership. Insider ownership transition, can be further simplified into two categories: small-to-small transition, and small-to-large transition. In small-to-small transition the owner sells his/her ownership shares to a single successor, or a small group of successors. Small-to-large succession represents succession when the owner sells his/her shares to a large group of stock holders, such as the employees.

Both outsider and insider ownership transitions incorporate the potential for leadership continuity or leadership change. In combination with the range of ways in which ownership change may be effected, it is evident that planning for succession is complex and requires concerted effort. Succession planning scholars have utilized the Theory of Planned Behavior (Ajzen, 1991) to examine the relationship between attitudes, subjective norms, and perceived behavioral control that influence intentions and thus influence behaviors (Sharma et al, 2003; Wright, 2010).

According to scholars and expert practitioners alike, succession planning is believed to increase the likelihood of successful succession (Sharma, Chrisman, Pablo, and Chua, 2001; Ward, 1987). Although there are a number of options for ownership transfer, there is no clear and agreed-upon "best" option for small business owners. Scholars and professionals agree that a clear succession plan is necessary for smooth and successful transfers of ownership (Dreux et al., 1999; Pomering et al., 2000; Miller, 2012). Succession planning entails deliberate and systematic planning by key players in an organization addressing leadership continuity, preservation and development of intellectual capital, and encouragement of individual advancement in the future (Rothwell, 2001). Ip and Jacobs (2006) expand on Rothwell's work and emphasize that business succession planning encompasses procedures necessary for successful transfer, legal and financial issues, psychological issues, leadership development, and exit strategies.

Research on succession planning clearly indicates that ownership and/or leadership transitions challenge even the most successful businesses (DeMassis, Chua

and Chrisman, 2008). Common barriers to establishing or implementing succession planning include: cost of business succession planning and corresponding lack of resources; other work/time demands; overcoming resistance/company policies; and need for performance management (HR Focus, 2003). As succession involves numerous choices, clarifying succession purpose and alternatives is a key element of succession planning.

Three limitations of extant succession planning research are noteworthy. First, the type of succession being effected is not necessarily distinguished from other types of succession. Yet, the significance of distinguishing between owner and leadership roles are evident in definitions and descriptions of succession planning and succession management processes. A key factor in every succession plan to secure future success of the business post-transition is clearly defined and appropriate governance structures to ensure an effective ownership-leadership interface (Bork et al., 1996; Ward, 1991).

Martin et al. (2002) focuses on ownership transition, defining business succession planning as the transfer of a business as a direct result of the owner's wish to retire or to leave the business for some other reason. Ip and Jacobs (2006) note that succession planning can pertain to both ownership and leadership in defining business succession planning as a process in which companies plan for future transfer of ownership and/or top management with success being measured by a continuation of the business at least in the short term. In the family business literature succession planning guidance emphasizes ownership continuity but leadership change. Succession planning has generally been defined as the "deliberate and formal process that facilitate[s] the transfer of management

control from one family member to another" (Sharma, 1997). Sharma et al., (2003) argue that succession planning includes: selecting and training a successor; developing a vision or strategic plan for the company after succession; defining the role of the departing incumbent; and communicating the decision to key stakeholders. Giarmarco and Grassi (2008) suggest there are five levels of practical succession planning in a family business (although applicable to all small businesses): set long-term goals and objectives for the business; determine the business owner's needs for future financial security; determine the future manager and management team (separate from the future owners), determine the allocation of future ownership and how to best transfer ownership; and finally, minimize transfer taxes. (Giarmarco and Grassi, 2008).

Second, research regarding a continued role for a founding owner is equivocal. Some argue it is in the best interest of the business to transfer ownership and have the initial owner take no part in future operations, whereas others argue there are benefits to continued involvement in the firm post-transition (Aronoff, 1998; Potts et al., 2001; Ward, 1987). Potts and Levinson agree that the success of transition relies upon the incumbent owners' readiness and eagerness to pass on responsibility, as well as the relationship of the new owner/managers with the prior owner/manager (Dyer, 1986; Potts et al., 2001; Levinson, 1971). Founder transitions are notably difficult because as the first transition, the business lacks experience planning for and managing transitions (Ip and Jacobs, 2006). How these early transitions are managed likely sets the course for subsequent transitions. Improved understanding of their role in and after succession is warranted.

Finally, although the evidence supports succession planning, there is a gap in the literature addressing if, why and how owners are planning for mission retention as part of their succession plan. Many entrepreneurs build their businesses based on the values central to their ethics. Where there is a lack of planning those core values and ethics can be lost (Lambrecht, 2005). When planning is in place, especially in the context of generational family ownership transfer from the founder to multiple members of the family, the second generation leadership team is more likely to keep the founders' values and ethics central to the core competencies of the business (Lambrecht, 2005).

In identifying factors that prevent effective intra-family succession (DeMassis et al., 2008) not one indicator addressed succession planning with regard to mission retention or legacy for the successor. Yet, there is a growing body of research that supports the notion that employees who work for mission driven firms tend to have a stronger level of affective commitment to the company (Coldwell et al., 2008; Jones et al., 2013). These engaged employees and the intellectual capital they embody may be key to sustaining growth subsequent to succession. In particular, a company's social, environmental, and/or sustainability orientation and ethics are represented as an evolved collection of core capabilities or competencies and knowledge resources, which are closely connected and mutually dependent (Rastogi, 2003).

Research does not specifically address the longevity of the ethics/mission of a business post-transition (Bracci and Vagnoni, 2011). The growing number of socially responsible and mission driven firms offers an opportunity explore whether those values

and the company's mission will endure post ownership- or leadership-succession and the role of succession planning in mission retention.

4.3. Methods

This study aims to identify if and how small business leaders in Vermont incorporate intentional SR value retention in their succession planning. Building upon research on social responsibility (Van Merrewijk, 2003; Jenkins, 2006, 2009; Murillo & Lozano, 2006; Porter & Kramer, 2006; Lefebvre & Lefebvre, 2012), and succession and family business succession planning (Sharma *et al*., 2001; Sharma, 2004; Venter & Maas, 2005; Ip & Jacobs, 2006; De Massis *et al.*, 2008; Bracci and Vignoni, 2011), this research tests for the fit of the Theory of Planned Behavior (TPB) (Ajzen, 1987, 1991; Ajzen & Fishburn, 1980) in SR and BSP in small business. As such, it examines whether the existing research on family business succession, specifically TPB in family business succession (Sharma *et al.*, 2003; Carr & Sequeira, 2007), can be extended to socially responsible business succession planning among small businesses. This study attempts exploratory research of the niche created by the intersection of SR, BSP and applied TPB.

Owners, or high level managers, were selected as the target population due to their role in succession planning and critical importance to the company. For the remainder of this report, all owners and managers will be referred to as "leaders" of their companies. The objective of this study is derived from the unique values-based, socially responsible business environment that nurtures small businesses in Vermont. The primary research questions guiding this study were: (1) What are leaders' opinions, definitions,

and attitudes towards social responsibility and sustainability as it applies in a business context?, (2) What are leaders' opinions, definitions, and attitudes towards succession planning?, (3) What role (if any) does social responsibility play in their decision making and planning? Qualitative research was conducted in the form of in-depth, semi-structured interviews with a Vermont-based sample was generated from a specific set of criteria. Our sample was ultimately comprised of 14 interviews with leaders from 13 different companies.

The companies identified as modes of collecting data were carefully selected using a specific list of four criteria that was developed by the research team. Initially we generated a list of nearly 60 companies. The final sample frame was 13 companies (n=13). The sample frame was intentionally directed towards companies whose leaders are known for being SR oriented because of their expected ability to speak more knowledgably about SR orientation and its implications for their business.

The primary resource used to create the list was the member listings as published on the Vermont Businesses for Social Responsibility (VBSR) website. Additional suggestions were accepted by academic advisors, as well as members of the Vermont small business community. During the interviews, the respondents were asked if they had suggestions of other companies whom they thought would be a viable option for this research study, thus employing a snowball method of selecting a sample frame (Berg, 2012).

The first criterion developed was if the company was located and had its headquarters in the state of Vermont. When the research project was being developed,

VBSR was a key source of information on socially responsible companies in Vermont. VBSR is a non-profit, state-wide trade organization that focuses on promoting business ethics and multiple bottom lines (environmental, social and economic). VBSR was founded in 1990 and has over 1,000 members. Members of VBSR include businesses, independently employed business professionals, and other independent donor members. Membership at VBSR reflects companies across the state, from all sectors. Benefits of being a VBSR member include discounted rates to VBSR Spring and Fall conferences, monthly email updates on socially responsible business and key legislative proceedings, access to an online member directory and discounts from other VBSR members. Additionally, VBSR provides educational resources to members, acts as a networking platform, and is actively engaged in public policy lobbying. VBSR members collectively employ over 14% of Vermont's workforce (VBSR, 2014). Thus, VBSR provided an excellent platform to generate a sample frame comprised of socially responsible companies based in Vermont.

Second, the company had to have fewer than 250 employees. This criterion was developed as a result of our conceptualized definition of small business, which drew from the frameworks of Spence (1999) and the European Commission (2003), to define a small business as one that is largely owner-managed with 250 or fewer employees. The U.S. Small Business Administration (SBA) defines small businesses as those businesses with fewer than 500 employees (SBA, 2013). After investigating the small business landscape in Vermont, it was determined that small businesses with 500 employees actually represented a size of business sample that was quite large in comparison to the rest of the

distribution of business size in the state. Therefore, the research team determined that only small businesses with fewer than 250 employees would be selected as part of the initial sample. The largest company interviewed had 200 employees, while the smallest company interviewed had 8 employees.

Table 11

Vermont Business Employer Figures by Number of Employees

Nonemployer Firms*	Small employers (<500 employees)	Large employers (500+ employees)	Total small businesses+
59,945	17,908	688	77,853

Note. Numbers were published in 2013 and are representative of 2010.
*Nonemployer firms represent independently employed business professionals who do not provide employment for others.
+Total small businesses was calculated by adding nonemployer firms + small employers (<500 employees)

Table 12

Breakdown of Vermont Small Business Employer Figures by Number of Employees

Nonemployer firms	Small employers (<500 employees)	
	1 – 19 employees	20 – 499 employees
59,945	~ 16,100*	~ 1,800*

Note. Numbers are rounded numbers from the SBA Small Business Profile: Vermont. Numbers were published in 2013 and are representative of 2010.
*Numbers were calculated by adding and subtracting from rounded total small employer numbers

Table 13

Vermont Business Figures of Total Employment by Business Size

1 – 19 Employees	20 – 499 Employees	500+ Employees	All Firms Total
64,200	93,500	106,400	264,100

Note. Numbers are rounded numbers from the SBA Small Business Profile: Vermont. Numbers were published in 2013 and are representative of 2010.

The third criterion developed was that the business had to be known for some aspect of social responsibility, such as social, environmental or sustainability orientation. In some instances the companies selected made a point of promoting those values, whereas in other cases selection was based on the recommendation of an advisor or business community member.

The final criterion was selection made to insure equal gender representation among the final sample. Equal gender representation was valued among the research team because men and women often have different leadership styles. It was important to mitigate any sort of gender bias that might influence the data that was collected. Most often, gender identification was of the owner, CEO or highest level manager. The sample varied in some instances when the owner was not available for an interview, so another leader was interviewed. In one instance, an email was sent to a company which had two co-owners, male and female. Both responded and wanted to be part of the study. Their opinions, leadership styles, and overall answers varied. Ultimately, only the female

respondents answers were included in the final data set and analysis. The final gender composition is determined by the subjects who were interviewed, not the initial identified targets. Of the thirteen interviews conducted, six were female and seven were male.

After establishing the four criteria, a master list of 60+ companies was generated. This list was narrowed down to 38 companies that strongly supported the third criteria, decidedly employing some or multiple aspects of social responsibility. From there, the companies were ranked by balancing gender composition of identified leaders, span across industry, and general size by employees. An attempt was made to interview as many companies as possible with fewer than 100 fulltime employees; three companies had more than 100 employees. The final sample size was, n = 13.

The sample used in this study was developed by the aforementioned framework. A demographic profile of the subjects was collected and is summarized below.

Table 14

Demographics of Sample by Subjects and Company

Subject Gender	Subject Age	Subject Position	Full-time Employees	Part-time Employees	Year Business Established
Female	63	CEO	8	0	1982
Female	38	Director of Strategic Planning	35	30	1996
Female	54	President	25	0	1993
Male	61	President	85	15	1981
Male	48	President & CEO	130	0	1978
Female	68	President & Co-Host	27	325	1886
Male	45	CEO	28	2	2006
Male	35	New Store Development	200	90	1986
Male	74	President	200	40	1950
Female	63	President & Publisher	19	2	1984
Female	54	CEO	45	0	1984
Male	56	President & CEO	30	1	2006
Male	61	CEO	18	9	2001

Note. Position refers to the interviewees position within the company. (n = 13)

4.3.1 Interviews

In order to ascertain a comprehensive understanding of the role of values in succession planning among the sample of Vermont based companies, semi-structured in-depth interviews were conducted with each of the participants. A combination of frameworks informed our approach to the interviews. We developed set of questions that

was carefully worded and arranged with the intent of leading the interview through a predetermined sequence, which we hypothesized would foster richer data. This framework of question development and interview sequence is commonly referred to as a standardized open-ended interview approach (Patton, 2002). We planned for digression from the standardized open-ended interview approach, which sets strict limitations on flexibility and probing. Therefore we employed a general interview guided approach during the interviews to allow for free-flowing conversation (Patton, 2002). Following the standardized open-ended interview framework, each interview began by outlining the purpose of the interview, the set of topics to be covered, and concluded with a quick assessment by the interviewer to confirm that all topics had been discussed. In an attempt to increase rigor, following Kumar (2005), "another important determinant of the quality of your data is the way the purpose and relevance of the study is explained to potential respondents...," substantial effort was put into explaining the purpose and importance of this research to each subject.

Interviews were the selected method of data collection because they provided a better mechanism for understanding the complex interconnections and relations of the interviewees' opinions and attitudes towards social responsibility. Patton (1990) asserts, "the purpose of interviewing is to find out what is in and on someone else's mind. We interview people to find out from them those things we cannot directly observe." The highly complex, and lack of agreed upon definitions of SR and corporate social responsibility (CSR) made interviewing the practical decision for data collection because it provided the opportunity to digress, ask follow-up questions and further understand the

interviewees rationale in responses. Further, conducting interviews in a familiar and natural setting for the subjects fostered an open and comfortable environment which led to free-flowing responses and discussions. Additional benefits to in-depth, semi-structured interviews include the ability to facilitate validity checks and triangulation in analysis (Greenfield, 2002). Finally, interviews were selected as the primary method of data collection because they provide, "great utility for uncovering the subjective side, the native perspective of organizational processes (Greenfield, 2002)," which was an underlying objective of this study.

Despite the many benefits to interviewing, recording and transcribing our own data, there are some weaknesses to the chosen method of data collection. The primary weakness of interviewing as a method of data collection is the opportunity for misinterpretation and dependence on the honesty of respondents. Additionally, the rigor and outcome of interviews depends significantly on the ability of the researchers to systematically, resourcefully and honestly control for bias (Greenfield, 2002).

The interviews were conducted exclusively on the premises of each company, in a private and quiet location when available. The interviews lasted from 25 minutes to slightly over an hour, with most interviews lasting approximately 35–40 minutes, and the average interview lasting 34.5 minutes. The interview transcript was developed following a thorough review of the literature in the disciplines of social responsibility, (business) succession planning, and applied uses of the theory of planned behavior. Questions focused on leaders' opinions, definitions, applications, historical accounts, as well as current and future intentions. In some cases, questions were developed to further

understand inconsistencies in the literature, such as the lack of an agreed upon definition for SR. In other instances, questions were developed as a result of suggestions made by authors for areas of future research.

Questions were developed to further understand inconsistencies in the literature, such as the lack of an agreed upon definition for SR. In other instances, questions were developed as a result of suggestions made by authors for areas of future research. Each interview started with a general question about the history of the company. This question was designed to get the subject talking and feeling more comfortable with the interview process. The opening question was initially designed as a "throw-away" question, meaning the research team was not expecting to generate useful data, however it proved to be quite the opposite. During the answers to these questions, it became evident in many interviews that the companies in the sample had been founded, and always operated, in a socially responsible way. After the opening question, the interview transitioned into values and social responsibility. Each subject was asked about their values as a leader and as an individual, and which were most important to them. The questions then shifted to how each subject defined social responsibility, how it fit into their company, what obstacles or barriers they faced when implementing their values/SR initiatives, and if they had worked in collaboration with anyone else.

Next, the interviews addressed transitions. This part of the interview opened with what was expected to be another "throw away" question which asked the subjects to recount all major past transitions in the history of the company. This question was designed to get the interviewees back on track and focused if they had started to digress

in the previous section. It was also designed and placed in the beginning of the transitions section to provide comparison on past and future transitions, where applicable. In this section, subjects were asked what the future of their company looked like, what their goals in future transitions were, how they would define succession planning, what their personal timeline for transition was, and what resources had they sought out or were planning to seek out in the succession planning process. Questions were designed to elicit information about the role of SR in BSP, in order to address the dearth evidence on this topic in existing literature.

For the purposes of timely focus, attention, and further understanding, all the interviews were recorded using an audio recorder. Additional notes were taken during the interviews to record notable emotion, and/or exceptionally interesting perspectives on a topic. At the completion of each interview, the interviewees were asked to fill out a brief structured questionnaire to gather general demographic information on the sample. Information gathered included: the subjects' age; position within company; highest level of education; years with the company; and number of employees. At the end of the questionnaire there is a space for interviewees to offer suggestions of other companies to interview, and give immediate feedback.

All interviews were transcribed in the week or weeks after the interview by members of the research team. The decision to transcribe internally as opposed to outsourcing the work was both a matter of necessity, albeit primarily due to the opportunity to familiarize extensively ourselves with the data. Transcriptions were

completed using HyperTranscribe, the precursor program to HyperResearch, which ultimately was used for coding and analysis.

4.3.2. Data Analysis

The objective of our analysis was to first, understand definitions, attitudes, and orientation towards SR and, second, to see if, and how leaders are actively including SR into BSP. Before coding the data, the research team developed a codebook and coded all the interviews using high level and thematic paper-based coding, as well as in-depth coding and application of the codebook using HyperResearch. Inductive analysis was the primary strategy used to analyze the interview transcripts because it allowed us to observe patterns, generate themes, and identify interrelationships within the data (Patton, 2002).

Following the framework suggested by Kumar (2005), we set out first to identify main themes, second, assign codes to the main themes and, third, to classify responses under the main themes. The codebook used in this study was developed and informed by existing literature on the subjects of SR and BSP, and expanded by applying trends that emerged throughout the interviews.

The initial high-level coding was done on paper. The objective of this analysis was to code for major themes and key quotes pertaining to SR orientation and opinions, BSP, and SR in BSP. The subsequent coding was conducted in HyperResearch to code for particular aspects within the larger themes and to identify trends. When notable trends did not fit existing codes, new codes were developed or the trends were coded using a generally representative code. One notable emergent trend, consistent with the findings of

Van Merrewijk (2003) and Murillo & Lozano (2006), was a general inability of subjects to define firmly social responsibility. Instead, many of the interviewees deflected the question defined social responsibility in terms of their activities and initiatives. As a result of the broad range of social responsibility definitions and initiatives, we coded for each different social responsibility initiative that occurred more than once in the interviews. A list of 16 codes was generated which was informed by literature and the interviews. This list consisted of 13 specific codes (communication, community, employees, environmental, finance value, green development, honesty, local, open book management, profit sharing, provide employee benefits, slow development, and social), plus one additional holistic code (socially responsible business) for including additional definitions/initiatives which were not shared by others. Ultimately the codebook consisted of 64 codes and 9 groups.

After the initial in-depth coding was complete, we reviewed the high level, paper based coding and analyzed the specific themes in HyperResearch. The main tool used in HyperResearch was the Report Generator which we used to obtain a general overview of the study. This allowed us to see how often each code was used, thus allowing comparison of key trends. We analyzed for interrelatedness and made note of situations where there was a distinct absence of interrelationships.

The interviews were intentionally designed to lead the interviewee from the topic of social responsibility to business succession planning. After the first round of coding was completed, a second round of coding was done to apply theory driven codes pertaining to the Theory of Planned Behavior.

During analysis a distinct division appeared among the subjects attitudes towards the use of the term, “socially responsible.” Among the thirteen cases nearly half (six out of thirteen) showed some disagreement or felt uncomfortable using the term, socially responsible, whereas the other seven cases showed no objections to the use of the term. Disagreement with the use of the term, socially responsible, was expressed primarily due to its evolved use as a “green washing” tactic used by many companies today. Disagreement with the term was not representative of a negative attitude towards “social responsibility” as a concept.

Similar to the division with respect to attitudes towards social responsibility, a partition appeared within the sample dividing those who were Pre-BSP and those who were engaged in BSP. Those that were Pre-BSP represented cases where the subjects have the intention or acknowledge the need for BSP, but have not begun the process, yet. Engaged in BSP is characterized by respondents that are actively engaged in BSP. A small number of these cases had specific succession plans already in place, however most were in the beginning stages of laying out a succession plan. This typology that emerged will be developed in the next section.

4.3.3. Typology

Comparing the emergent themes related to attitudes towards the term, SR, as well as stages of BSP, a typology emerged which categorized subjects on a continuum (Patton, 2002) based on their attitude towards the use of “SR,” and level of engagement in the BSP process.

With respect to levels of engagement in BSP, a distinct continuum emerged that was broken into two categories of (1) pre-succession planning, and (2) engaged in the planning process. Category labels were developed by using specific attributes as definitional summaries.

Multiple continuums emerged with respect to social responsibility. The researchers assumed that an obvious typology to analyze would be specific SR values, initiatives and applications; somewhat unsurprisingly, there was too much variation in responses to uniquely develop a small number of categories. Fortunately, a strong typology that emerged was that of attitudes towards the use of the term, SR. Social responsibility attitudes were broken into two categories: (1) those who disagreed with the use of the term, “SR”; and (2) those who took no issue with the term, “SR.” Thus, we labeled the two categories as those who “Disagree” and those who “Agree.”

Table 15

Typology of Attitudes Towards Term, Social Responsibility, and Stages of Succession Planning

		Attitude Towards Term, SR	
		Disagree	Agree
Level of Engagement in BSP	Pre-BSP	2	1
	Engaged-BSP	4	6

Note. Numbers in table represent the frequency of subjects from sample within the categorized boxes. (n=13)

The typology of emergent attitudes towards the use of the term, SR, and stages of BSP was used to categorize each case. Out of the four conditions, each had at least one case. Six of the thirteen cases fell into the "Disagree" category, seven fell into the "Agree" category. Three cases were categorized as "Pre-BSP," ten of the cases were categorized as "Engaged-BSP." This typology was used to analyze the depth and breadth of SR initiatives, as well as apply the Theory of Planned Behavior to make assertions about the role of SR in BSP.

The typology was used first to analyze the depth and breadth of SR initiatives. Lepoutre and Heene (2006) conclude that small businesses will encounter greater difficulties than larger businesses in undertaking socially responsible initiatives. Most commonly, small businesses may lack resources. Tilley (2000) notes that the owner/manager may lack time as a result of his/her elevated responsibility for multiple,

simultaneous tasks (Spence, 1999). Thus, primary analysis was targeted at understanding the breadth of SR initiatives in the sample. Thematic aggregation was used to combine similar codes into broader themes. Four distinct themes emerged: Employee Orientation, Environmental Stewardship, Community Engagement and Finance. Codes that were more attitude-centric were excluded from this aggregation. Additionally, the code used to develop the typology, "Disagreement with term, SR" was eliminated from this aggregation to avoid confounding in the analysis. The codes that made up each theme can be found in the table below.

Table 16

Thematically Aggregated Codes in SR Analysis

Employee Orientation	Environmental Stewardship	Community Engagement	Finance
Communication	Environmental	Community	Finance Value
Employees	Green Development	Local	Open-Book Management
Provides Employee Benefits		Social	Profit Sharing
			Slow Development

Note. Definitions of each code can be found in the appendix of this thesis (Appendix C).

Using the typology we first analyzed the cases within each quadrant by comparing and contrasting the presence and absence of themes. Ones and zeros were used to indicate the presence or absence of a theme. One represented the presence, zero represented the absence. A one was determined by if there was a presence of any of the codes that made up that theme in a specific case. For example, Case 105 had a one for Employee Orientation because the presence of Communication, Employees and Provides Employee Benefits were all coded in the analysis. In the thematic coding, a case could receive a one if it represented all or one of the codes from the in-depth analysis. A case was given a zero if it lacked all of the codes that made up that theme, such as Case 105 for Finance. The table below was used to analyze the cases by quadrant and theme.

Table 17

Theme Frequency of Cases by Typology Category

	Company	SR Theme Frequency	Employee Orientation	Environmental Stewardship	Community Engagement	Finance
Pre-BSP & Disagree						
	105	3	1	1	1	0
	109	4	1	1	1	1
Engaged -BSP & Disagree						
	110	2	0	1	0	1
	111	4	1	1	1	1
	113	4	1	1	1	1
	114	2	1	1	0	0
Pre-BSP & Agree						
	108	4	1	1	1	1
Engaged -BSP & Agree						
	101	4	1	1	1	1
	102	4	1	1	1	1
	103	3	1	1	1	0
	104	3	1	0	1	1
	107	3	1	1	1	0
	112	4	1	1	1	1

Note. Data taken from interviews. (n = 13).

In the first quadrant of the typology, Pre-BSP & Disagree, both of the cases shared common themes of Employee Orientation, Environmental Stewardship and Community Engagement. In the next quadrant, Engaged-BSP & Disagree, the commonly shared theme was Environmental Stewardship. Two of the four companies in this category registered the fewest number of themes, two each. Looking at all the cases that fell under Disagree, each shared a value of Environmental Stewardship. Interestingly, the three largest companies in the sample fell into the category of Disagree.

The next quadrant, Pre-BSP & Agree, had the fewest number of cases, one. Because there was only one case there was no option to do a within quadrant analysis. However, this case tallied four out of four themes. Engaged-BSP & Agree had six cases. Of the six cases, shared themes included Employee Orientation and Community Engagement. Looking at all of the cases that fell into the Agree category, all of the cases valued Employee Orientation and Community Engagement.

When analyzing the cases by those that were Pre-BSP and Engaged-BSP, the presence of shared themes was only found in Pre-BSP. The shared themes in Pre-BSP were Employee Orientation, Environmental Stewardship and Community Engagement. The lack of shared themes in "Engaged-BSP" could be due in part to the larger group size. There were three cases in Pre-BSP and ten cases in Engaged-BSP. The two most closely shared themes were Employee Orientation and Environmental Stewardship, each with nine out of ten cases in common.

The data shows that there is not a strong correlation between size and breadth of SR initiatives. The three smallest (101, 111 & 114) and the three largest (105, 109 & 110)

companies shared a value of Environmental Stewardship. The three smallest companies also shared a value of Employee Orientation. The Two largest companies (109 & 110) shared an addition value in common, Finance. This finding mostly confirms the theory of a triple bottom line which asserts a three tiered approach to business: social, environmental and economic initiatives. The two largest companies did not have a shared "social" theme which was due to the absence of that theme. "Social" was partially represented by Employee Orientation and Community Engagement. All four of the themes fell under a larger umbrella of socially responsible business.

Indicators of company size, company age and subjects age did not show significant differences between those that Disagree and Agree. The average size of the business among those cases that Disagree was 99.5 employees. This high number is due to the three cases that employ greater than 100 people, making up half of this segment. Eliminating those three cases, the average size of the company drops to 22.3 employees. Among the cases that Agree, the average size of the company was 36.1 employees. The evidence does not allow us to conclusively state that size of the company has any correlation to the attitude towards the use of the term, SR.

Similar to size of the business, the average age of the business as well as the age of the subject do not provide strong evidence either way in identifying motives for attitudes towards SR. The average age of the businesses that Disagree was 29.8, compared to the average age of those that Agree, 38.6. In the group that Agrees, the outlier for business age, 128 year old, skews the results. When you remove that outlier, the average age of the businesses within that grouping drops to 23.7 years old. Similarly,

the average age of the subject showed no evidence to impact the use of the term; those that Disagreed with the term were on average, 56.2 years old, whereas those who Agreed with the term were on average, 54.7 years old. Again, providing no conclusive evidence that age of the business, or the age of the subject, effects attitudes towards the term, SR.

Another way the data was analyzed was by looking at the cases that has specifically mentioned SR retention in BSP. Unsurprisingly, all three cases that fell into the category of "Pre-BSP" did not explicitly mention SR retention in BSP, most likely due to their pre-succession status. Of the ten cases in the remaining category of "Engaged-BSP," five of them explicitly mentioned some aspect of SR values retention in BSP or transition. Two of the four cases in "Engaged-BSP & Disagree" explicitly mentioned SR retention, whereas three of the six mentioned SR retention in the "Engaged-BSP & Agree." Although only five of the thirteen cases explicitly mentioned SR retention in BSP, data gathered in the interviews suggests that more of the cases would include SR retention in BSP.

Sustaining the SR mission and including SR in BSP has two specific implications for the future of the firm. The first implication is that sustaining the SR mission is tightly connected to sustaining the culture and environment of the business. Maintaining culture and the existing environment through succession is important for employee happiness and productivity. According to Jenkins (2006), SR is often tightly connected to the founder or leader. Thus, planning for SR retention would be key to a successful BSP with SR-minded leaders. Second, SR retention is critical in firms that have developed a competitive advantage as a result of their SR orientation. Losing touch

with that SR mission could result in decreased customer satisfaction and/or decreased sales or revenue.

4.4. Findings

We addressed the two research questions systematically to understand: first, the definitions, perceptions, attitudes towards and applications of social responsibility and, second, the definitions, perceptions, attitudes towards and applications of succession planning from a socially responsible standpoint. The results of this study confirm existing data from studies that suggested there is not a clear and consistent definition of social responsibility (Jenkins, 2006; and Murillo & Lozano, 2006), and that many business leaders acknowledge the need for succession planning, yet are not in agreement about what that entails (Kesner and Sebora 1994; Wright, 2010) or are not proactively planning for it in advance (HR Focus, 2003; De Massis *et al.*, 2008; Wright, 2010).

4.4.1. Applying the Theory of Planned Behavior

While there was evidence of attitudes, subjective norms and perceived behavioral control influencing the intentions of leaders when performing the act of succession planning (behavior), the strongest evidence that emerged from the data was that of the link between attitudes and intentions. Another strong theme that emerged from the data was the perceived behavioral control among subjects in terms of intentions in succession planning. The weakest link was among the sample was the link between subjective norms and intentions in succession planning. Our data asserts the conclusions

made by Van Gelderen *et al.*, (2008) which found that attitudes and perceived behavior control are the strongest predictors of behavior.

4.4.1.1. Attitudes

The strongest link when applying the Theory of Planned Behavior to succession planning as it pertains to the companies interviewed was amongst their attitudes. The data showed that in almost every case (10 out of 13), interviewees had very favorable attitudes towards social responsibility and correspondingly very favorable or favorable attitudes towards succession planning (11 out of 13). Three respondents held favorable attitudes towards social responsibility, and one held a mostly favorable attitude. The main difference between very favorable, favorable and mostly favorable was in the subjects support of social responsibility and basic enthusiasm for social responsibility in business. The three subjects which held favorable attitudes and the one subject which held a mostly favorable attitude were coded as such due to their moderate disagreement with the term "socially responsible." These subjects often felt that it was a matter of green-washing to even go so far as to describe yourself as "socially responsible."

Finding that nearly all the respondents (12 out of 13) held very favorable or favorable attitudes towards social responsibility was not much of a surprise to the researchers given our sample selection methods. While attitudes showed strong support of social responsibility, it is evident that social responsibility is applied in many different ways. The breadth of social responsibility applications increased the complexity of the data when analyzing how social responsibility would fit into succession planning. The

data showed that there was a distinct link between applications of social responsibility and the social responsibility orientation of succession planning.

Very favorable attitudes towards social responsibility indicate a deep commitment to a certain set of core values or initiatives which were deeply rooted in the organization and leadership. Building off the work of Sharma *et al.,* (2003) and Wright (2010) we undertook to decipher the extent to which attitudes towards social responsibility would impact owners' intentions during succession planning. Given the strong support and very favorable attitudes towards social responsibility, and the explicit and implied intentions for future succession planning, the Theory of Planned Behavior suggests that positive attitudes towards socially responsible business practices will impact behaviors in business succession planning.

> Socially responsible means that you provide your employees with very liberal benefit's, and that they get sick days and personal days, and flexible time, and a livable wage, and you're caring and open and if they ever have a problem you are there for them... We adore them and love them, and care deeply about them and provide 100% coverage for their families for dental and health. I mean we are a very socially responsible business in the way we treat our employees, but also in the way we treat our tenants, and the way we treat other people we work with.
>
> We are looking at doing a tenant cooperative, where the tenants can purchase their spaces and the tenants will own (name of company), they will own the property... I think it's the right way to go, rather than selling it to a developer, or an owner who would buy the whole piece and you know, you never know what would happen. They may want to bring in nationals, or whatever, I mean we don't know. We really want to make sure that what we have built here can sustain itself and keep going, with the same energy and vibe and cool businesses rather than emptying everybody

> out and bringing in TGI Fridays, and the high-end bidders, who would pay [for the real estate]... And so, to protect that, we are going to sell to the tenants.. But it is our vision of how we would like this to go. (Case 101)

Of the 10 subjects who held favorable or very favorable attitudes towards succession planning, each held a very favorable attitude towards social responsibility, with one additional subject representing a favorable attitude toward social responsibility and succession planning. Favorable and very favorable attitudes were identified as those subjects who are engaged in the process, or acknowledge the need for and importance of it. Put simply, favorable and very favorable attitudes towards succession planning represented subjects who were motivated by their concern for the future of their company and its stakeholders. One of the subjects that was coded as "unfavorable" was done so as a result of his/her young age and current indifference towards the next generation of ownership. Management transition was still in the process of a previous succession. Another subject with an unfavorable attitude toward succession planning was not at that stage yet because s/he saw themselves as having much more work to do and growth to accomplish before reaching a stage where succession planning was applicable. The final subject who represented a somewhat favorable/unfavorable attitude towards succession planning was because of their skepticism and caution with respect to succession planning activities and transition. When asked about his/her attitude toward succession planning, s/he described an initial reaction of, "big, blinking danger light" because of having heard about and read stories of how "so many businesses flounder within a short time after succession." Despite his/her somewhat unfavorable attitude toward succession planning,

this subject was in the midst of establishing a succession plan and training two competent successors.

The results of this study show that most subjects held a positive attitude toward succession planning either out of proactive interest, or understanding its critical importance for the longevity of their company. While most subjects had positive attitudes towards the process, there was no consensus as to what the formulation and implementation of a succession plan actually entails. Most subjects engaged in the process had sought some outside expertise from accountants, lawyers, estate planners, succession planning experts, or various other consultants. Of the 13 companies interviewed, one company had a detailed succession plan in place.

4.4.1.2. Subjective Norms

In the context of the Theory of Planned Behavior, subjective norms refer to the extent to which a reference group (those close and important to the individual performing the behavior) approves or disapproves of the activities, and the subject's willingness to comply with their opinion(s). We found very few instances where the subject referred to someone directly in their reference group. Consequently, we expanded our working definition to encompass anyone who seemed to have an influence on social responsibility values or initiatives, and/or succession planning. Examples of common reference group members included respondent's family members, friends, employees, customers, board of directors, community groups and members, lawyers, accountants, consultants, various experts, and local and national working groups.

Most reference group members had positive influences on both attitudes towards social responsibility and succession, as well as perceived intentions of social responsibility in succession planning. A distinction was made between actual approval/disapproval, and the perception of approval/disapproval. In many cases, the subject would imply that the decisions they made were in the best interest of member of their reference group, or because that is what someone in their reference group would want.

> I think the values of where I was growing up, to what I have brought to the company, resonate with how we treat people and how we treat the people we work with. (Case 101)

Therefore, their attitude and the subjective norm influenced their intentions in both social responsibility and succession planning. In some cases, it was apparent that their attitudes and subjective norms represented a socially responsible approach towards succession planning.

> To me, to be socially responsible, is to start with how do you actually treat your people And, its the most responsible thing you could ever do as a business is structure your operations where there is dignity for everyone... My value system is that if I'm the conductor, there is not a single person in the orchestra that isn't needed and therefore should be valued. I just do that in what has become known here as the (name of subject) method, which can't be explained, it just must be trusted, which makes succession planning very difficult...
>
> So, we're smack in the middle of... there is a brilliant 34 year old here who is clearly the future leadership of the company. Not ready for that now, but certainly capable of that in every regard. He understands every aspect of the

> culture. Completely different personality than me, but a common value system which is the whole tricky part of succession. So we're in the middle of laying that out and executing that... (Case 103)

Here, the data shows evidence of perceived internal concern for employees as expressed by their attitude toward social responsibility and succession planning. Their concern for the established culture of valuing employees, represents a socially responsible approach towards succession planning.

In one instance, a subject made it well-known that s/he avoided seeking advice from anyone when it came to his/her social responsibility values. Overall, small business owners and managers were motivated to participate in succession planning by the actual or perceived opinions of those within their reference group. Despite this theme, stronger evidence showed that the subjects felt a high level of perceived behavioral control over the process. Thus, although the opinion and approval of those within their reference group was valued, data shows that subjects strongly felt that they held ultimate control over the process.

4.4.1.3. Perceived Behavioral Control

Perceived behavior control (PBC) refers to the ease or difficulty of performing the behavior, namely the implementation of socially responsible values and/or initiatives and succession planning. Nearly all of the subjects agreed that obstacles preventing the implementation of socially responsible business practices were not insurmountable. Many of the subjects felt that there was a distinction between the of "barriers" versus "obstacles." Each subject felt that the obstacles were not barriers which could not be

overcome, everyone felt that there was a way around the various obstacles they encountered.

Most often, the difficulty in performing the behavior was a result of government related issues, high costs, financing, time, sourcing, employee/supply chain buy-in, communication, and obstacles related to size. Government related-obstacles were those such as outdated codes or zoning regulations, or widespread codes which were not applicable to a specific situation. One subject explained how s/he had to take their city to environmental court because the outdated building codes, permitting and zoning regulations did not accommodate green, sustainable development. Two additional cases reported that government regulations forced them to make structural "improvements" which were counterintuitive to the existing landscape. In these cases, the structural changes came at a high cost which inhibited the ability to make other investments. High costs were associated with doing business locally, domestically, and "the way things should be done." Two subjects reported higher costs of sourcing organic, as well as locally and organically produced food. Additionally, two other subjects cited higher costs of producing goods in the US versus outsourcing the production abroad. Financing was cited as an obstacle in four cases. Each subject found a creative way to raise capital which would not compromise their small, independent status.

> ... We've been really fortunate in being able to recognize from the outset that that wasn't the path we were going to go down. But then to be able to have connected with the people that we did who were able to support the kind of investment arrangement we envisioned that would allow us to grow, but not have to be in a position to have to sell out at some point. So that was a huge challenge, but I

> think it's something we were able to do [successfully]... (Case 102)

Lack of time was an obstacle cited or implied as a reason for not having a formally established succession plan in nearly half of the cases. Sourcing, as well as employee and supply chain buy-in were obstacles cited by numerous cases in multiple industries. These cases were most often referring to the level of support of meeting standards that had been set by the company which represented some aspect of their socially responsible business values. Communication obstacles were ones such that it was critically important to the company's success to clearly and effectively communicate the value of their products over their competitors.

> You have to be able to communicate your story to other people. If you can't do that then you're not going to sell anything, if you're not going to sell anything than you're not going to employ people. So you have to be able to communicate who you are, what your brand is, what you stand for, why you are different than the competition. (Case 105)

> It always costs more t do the right thing, especially in America. It's, it's always easier to take the easy way out. To but the cheapest shit, to provide no service. To be less socially responsible. It's the easier way. So yeah, it's more expensive, and when its more expensive you have to tell that story to your customer and you have to convince them that shopping here and doing it this way is better than just going to Costco or going to a giant Walmart or a conventional supermarket and buying food out of a box. (Case 109)

Finally, obstacles related to size were addressed by the firms who's direct competitors were significantly larger with a representative amount of power in a multi-billion dollar industry. Our data is confirmed by the research of De Massis *et al.*, (2008) and Sinkin

and Putney (2012) which cite specific obstacles to succession planning, as well as the works of Spence (1999), Petts *et al.*, (1999), Hitchens *et al.*, (2005) and Lepoutre and Heene (2006) on factors preventing implementation of socially responsible business practices.

Overall, despite the various obstacles to implementing socially responsible business practices and succession planning, the level of perceived control was quite high. There was not a single instance where an outsider, such as a board member or reference group member, requested a succession plan. In every case where succession planning was an on-going discussion, it was initiated by the subject whom we interviewed. Furthermore, with the exception of one subject, none of the succession plans were crisis-driven preparation. A majority of the subjects who were engaged or planning to engage in succession planning were doing so out of proactive interest. The one subject who had a crisis-driven succession plan did so as a result of a high risk and dangerous personal past-time which s/he participates on a regular basis. This plan mainly entailed ownership succession, however this subject addressed the need to deal with management-based succession planning in the near future. This finding of a low number of crisis-driven succession plans directly conflicts with the evidence gathered in Wright (2010).

In addition to analyzing the presence and role of social responsibility in succession planning, we analyzed the apparent motivation or spark for succession planning. According to Sharma *et al.*, (2003) "the spark for succession planning is the presence of a trusted successor rather than the need for succession to preserve the (family) firm." Despite the orientation of our research specifically identifying companies

which were small businesses first, and intentionally avoiding a “family business” sample, two of the companies we interviewed could be described as both “small” and “family” businesses. Surprisingly, 10 out of 13 companies were engaged—thinking about or actively planning—in succession planning as a result of the presence of a trusted successor. The successor orientation varied in form from an individual as sole successor, to a pair or small group of successors, to a large group of successors. Some cases represented solely leadership based succession, some cases represented solely ownership based succession, and some cases were representative of both. Four cases had identified an individual as sole successor, three were leadership and ownership, and one was strictly leadership based. Three cases had identified a pair or small group of successors. Two of those cases were a pair of identified successors that would succeed in ownership and leadership, one case was a small group of owners who would succeed the incumbent if something was to happen. Four cases identified a large group of successors. Three of these cases represented leadership and ownership succession in the form of employee- or tenant-ownership succession. The final case of an identified group of successors was the most interesting, and well thought out succession plan we came across.

> So this is what will happen when I die. So right now I own 100% of [company name] and I’ve set up a succession plan where 25% of the ownership of the company will go to the Vermont Food Bank so that the company will have, it’s mission will be to earn money for the Vermont Food Bank. So 25% of the ownership will go to an employee stock ownership plan so that the employees will own the means of production and have control over their future. 5% of the ownership will go to the Vermont Community Foundation... and so they are kind of like a foundation of foundations. And their role, they will have one role and that

> role will be to define the Board of Directors. The Board of Directors will hire the CEO, and the CEO will then hire the managers and so on and so forth. So, between the Food Bank, the employees and the Community Foundation, a majority of the company will be in the hands of the philosophers of the company. Then 45% of the company will be sold in order to capitalize all of it, so it's the working capital... So that's my legacy plan. That's what I'm going to do with [company name]. (Case 114)

This is the ultimate succession plan which details the role of future ownership and leadership. It was clearly planned well in advance and mirrors the company's socially responsible values and initiatives. This owners perception of control was very high as s/he had taken the time to develop and establish the plan which is ready for implementation, whenever the incumbent sees fit.

4.5. Discussion

This study investigated the relationship between social responsibility and intentions in succession planning. As suggested by Sharma *et al.*, (2003) and Wright (2010), the Theory of Planned Behavior presents the perfect framework through which to study the intentions and behaviors associated with succession planning. While nearly all existing literature on applications of the Theory of Planned Behavior and succession planning apply quantitative analysis, Wright (2010) is one of the few known qualitative applications of TPB in succession planning. Additionally, a large majority of the TPB succession planning literature focuses on the antecedents of intentions, as opposed to the antecedents of behavior. Antecedents of intentions are much better understood (Hooft *et al.*, 2005). We looked specifically at the role of social responsibility as an antecedent of

intentions, which consequently would result in actions or behavior orientation of the succession planning process.

4.5.1. Conclusions

The small scale of this study, embodying a hand-pick sample size of 13 does not provide a strong foundation for broad generalizations. However, the following conclusions and implications are based off the study results.

The trends emerging from the data show the beginning of a paradigm and perception shift. Increasing value and support of socially responsible business practices have inspired a wave of business owners in Vermont. While many businesses are just getting started, the sample we selected was comprised mostly of business owners and/or leaders who were nearing retirement age. With minimal probing, many of the business leaders described goals and plans for succession which represented their strong social responsibility orientation. Concern for the succession planning process can be representative of the incumbent leadership, and the potential correlation with their social responsibility orientation. At a fundamental level, concern about succession can be acknowledged as an aspect of social responsibility, in that it shows an increased level of commitment and dedication to employees and stakeholders. Our interest in social responsibility and succession planning divulged an organic growth of socially responsible succession planning, which has yet to be studied beyond this research.

Another observation was the individual motivating factors in succession planning among founders. All first generation owners were tackling succession planning how they saw fit, without influence from others. Specifically, none of the subjects that were

interviewed implied they were directly following another persons' or company's footsteps; in each case the founder felt that they would do what was best for their company, and themselves in succession planning. We saw this as a notable finding because it represents a ground-level trend occurring in multiple cases. It will be interesting to continue to observe the trend as it gains traction and hopefully becomes the foundation of a larger paradigm shift.

Another interesting trend which emerged was that of who is inspiring the trend towards more socially responsible succession planning. The role that small businesses versus large businesses play in social responsibility is also unclear in terms of who is the driving force responsible for the trend. Although there is no consensus on whether small or large corporations are the driving force and example "setters" versus "followers," there is evidence to support both. Globalization, growing viability, and global impact of large corporations has led to a demand for increased transparency and accountability by constituents and stakeholders, thus igniting a need for large businesses to invest in, and implement SR practices (Jenkins, 2004). Meanwhile, small businesses have largely flown under the radar of these demands (Jenkins, 2009). It can also be argued that small businesses were the original champions of SR as evidenced by, now famous brands such as, Ben & Jerry's, Patagonia, and Seventh Generation. The differentiating factor between small and large businesses is the unique ability of small businesses to connect and interact with the local community. Communities which foster entrepreneurial growth are likely to reap benefits of indirect community development as a result of economic growth and expansion (Korsching *et al.*, 2007). Although the succession planning process is

quite different in large corporations compared to the small firms studied in this research, it poses a question of which segment of business is leading the pack in transitioning to a more socially responsible succession planning process.

The final emergent trend from this work was with the connection between level of commitment to SR initiatives, the level of commitment to BSP, and what that suggests about the level of commitment to socially responsible business succession planning.

4.5.2. Contributions

Many trends were observed which supported existing research as well as notable trends which stood alone. Confirming the work of Van Merrewijk (2003) and Murillo and Lozano (2006) our data showed a general inability to firmly define social responsibility in a business context. Additionally, many of the leaders in our sample were unable to explicitly define business succession planning or the specific steps that they should take to create a successful succession plan. We add to previous research through illustrating that the process of SR-BSP is as fluid as the definitions of SR and BSP, themselves. Socially responsible BSP can and will be executed in many ways as a result of the variation in definitions and applications of SR.

Many of the cases in our sample represented companies where SR was integrated into every aspect of the business, almost as an ideology or mentality. Social responsibility was at the heart of nearly every task. Despite the general lack of formal succession plans among the sample, we contend that companies that are deeply SR oriented will go about succession planning in a socially responsible way. Leaders and employees who function in a socially responsible mindset are likely to adapt that mindset

to every task. Going back to our typology, we predict that the six cases who struggled to define SR but provided an applied definition and who were actively or passively engaged in BSP, will carry out BSP in a socially responsible way consistent with their SR values.

Sharma *et al.,* (2003) conclude that the presence of a trusted successor is often a spark of BSP. Our findings suggest that the presence of a trusted successor who understands the company's SR orientation and shares a similar set of SR values, is the most important feature in a potential successor among our sample. Thus, again we add to previous research by highlighting the notion that the presence of a successor with a similar set of SR values or principles may be a spark in BSP, specifically SR-BSP.

4.5.3. Limitations

We must keep in mind that this study specifically looked at the owners and/or leaders of SR small businesses. It is important to note that it focused solely on their perceptions, beliefs, attitudes, and intentions. In order to fully understand SR small businesses, research must be done to understand the perceptions, beliefs, attitudes, and intentions of employees at all levels, in addition to the leaders. This study would have been strengthened by a quantitative component which statistically analyzed the Theory of Planned Behavior, congruent with other quantitative analyses of TPB in succession planning. Further, the scope of small businesses in Vermont makes it difficult to generalize the findings. There is a need for future studies which investigate social responsibility intentions of small business leaders throughout the United States and globally.

4.5.4. Areas of Future Study

The following are suggestions of areas of future study based off this research:

1. After refining the research questions, follow-up research should be done with a larger and different sample in an attempt to make these finding generalizable to the greater small business population. These studies should be done with companies that are specifically SR oriented, dispersed throughout the country.

2. Further research is needed to address the actual implications of the Theory of Planned Behavior, specifically, how actions and behaviors have led to successful vs. unsuccessful BSP and ownership/leadership transfer.

3. An in-depth, longitudinal study is needed to conclusively map the BSP process before, during and post-succession to see if the Theory of Planned Behavior can accurately predict the outcome of socially responsible succession in small businesses.

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CHAPTER 5: ARTICLE 2

5.1. Introduction

Small businesses have been the backbone of the American economy for centuries, and continue to be a crucial aspect of the economy today. Although small businesses have been around for hundreds of years, the type, orientation, and mission of small businesses are constantly evolving. Growing demand for transparency and social responsibility by consumers and governments has started a revolution in the way small businesses operate. While much of the attention has been focused on large corporations, small businesses are in the midst of their own transformation.

Small business social responsibility has been around for decades, dating back to the founders of well known companies, once small businesses, such as Ben & Jerry's, Patagonia, and more. Small business social responsibility has evolved over time, and continues to generate traction and gain importance. Despite the importance of socially responsible small businesses, much of the existing research has focused on large corporate social responsibility.

It is widely known among professionals and academic scholars that succession is a critical event in a company's life-cycle. There exists a significant amount of literature on the nuances of small and family business succession planning, although there is no known research on socially responsible small business succession planning, or the role of social responsibility in succession planning among small businesses. This study reports exploratory research on small business succession planning among socially responsible small businesses in Vermont.

5.2. Importance of Small Business

Globally, small and medium sized enterprises (SMEs) account for more than 90% of the world's businesses (Inyang, 2013). According to the U.S. Small Business Association (SBA), small businesses represent 99.7% of U.S. employer firms, employing 49.2% of the private-sector workforce in the United States. Additionally, small businesses in the U.S. are responsible for 64% of net new private-sector jobs each year (Frequently Asked Questions, 2012). The importance of small businesses was recently underscored by President Obama in a proclamation during the National Small Business Week. President Obama said, "Small businesses represent an ideal at the heart of our Nation's promise—that with ingenuity and hard work, anyone can build a better life. They are also the lifeblood of our economy, employing half of our country's workforce and creating nearly two out of every three new American jobs" (Hoover, 2014).

Small businesses also play a critical role in the social fabric of their local economy. Social responsibility at the small business level implies a great deal about the firm, and often the community. Some assert that social responsibility (SR) orientation follows naturally from a small firms community embeddedness, local values, and interests (Lefebvre and Lefebvre, 2012). Community embeddedness and SR orientation were reoccurring themes in the data collected throughout this research. Commitment to local economy is displayed through direct or indirect investment, philanthropic initiatives, sponsorships, dedication to creating enduring employment opportunities, supporting other local entrepreneurs or businesses, and promoting a socially responsible

way of doing business and life. One subject addressed multiple aspects of community embeddedness when discussing the definition of socially responsible business,

> ...again, it goes back to your values. How good are you to your staff? How good are you to the local community? How much do you interact with the local community and sponsor their events and give them gift cards and know them and communicate, and have them call you and you call them and connect with local plays and soccer teams, women's groups and gay and lesbian groups, and all sorts of groups in these communities? That is part of being socially responsible to me... we are a community meeting place for this community, and you know, Chittenden county... So, I feel like we're socially, we're part of the social fabric of this community and I'm proud of that. (Case 109)

Because of size and scale, small businesses are often better equipped to conduct business in a socially responsible way because of their increased autonomy and flexibility (Jenkins, 2009; Lefebvre & Lefebvre, 2012). However, there are conflicting conclusions in the literature with respect to whether small businesses are at an advantage or disadvantage when referring to ease of implementing social responsibility values or initiatives. Some cite obstacles to implementing SR values such as lack of time, resources, and perception of negligible impact (Spence, 1999; Tilley, 2000). Several of the subjects interviewed in this study confirmed the perception of obstacles, however none of the data indicated that it ultimately deterred leaders from SR orientation or specific activity.

The differentiating factor between small and large businesses is the unique ability of small businesses to engage with the local community. Communities which foster entrepreneurial growth are likely to reap benefits of indirect community

development resulting from economic growth and expansion (Korsching *et al.*, 2007). Small business are critically important to our communities—they are the "lifeblood." Succession planning is vital to securing their ongoing support of the economy.

5.3. Social Responsibility

The concept of "social responsibility" must be understood before discussing its role in small business succession planning. Definitions of social responsibility vary in terms of key social, environmental, sustainability and economic applications. There is no firm and inclusive definition of socially responsible oriented businesses in the literature on corporate social responsibility (CSR), corporate sustainability (CS), social responsibility (SR), small business social responsibility (SBSR), and sustainably oriented businesses. When trying to parse the various definitions, some conclude that the definition manifests itself in the practices applied by a specific firm (Van Merrewijk, 2003). Similarly, others argue that a firm definition of sustainability/SR cannot be clearly defined—particularly with respect to SMEs—given that SR has an inherently different meaning within each company as a result of companies specializing in differing aspects of sustainability/SR as it pertains to their company and employees (Murillo and Lozano, 2006). Our research confirms the lack of cohesive understanding and agreed upon definition for social responsibility.

The data collected in this study shows subjects struggling to define SR. The subjects' definitions ranged from integrity, and "walking the talk," to caring about the environment, to how well you treat your employees. A general definition provided by one subject was, "it means integrity, just at a really core level... as an owner you can be proud

of what the business is doing, and that everybody who works at the business is proud of what they're doing. I think all the models talk about stakeholders and how various people are being treated and it really just comes down to integrity, and are you acting with integrity in every interaction" (Case 102). Many of the owners/leaders interviewed provided definitions that were employee-oriented, "to be socially responsible, is to start with how do you actually treat your people? The most responsible thing you could ever do as a business is structure your operations where there is dignity for everyone," (Case 103); and "I don't think there is a firm definition for it. I think if you have the ability to maintain a business, keeps jobs local, keep generations of people employed, that's social responsibility at its highest and most core aspect. It's the most socially responsible thing you could do," (Case 105). According to our sample, to be socially responsible at a basic level meant treating their employees well, caring about their environmental impact, and trying to set an example for other companies to follow.

Moving forward and building off scholars and the data, we conceptualize the definition of social responsibility to be inclusive of all aspects of environmental, social, ethical, and engagement responsibility.

5.4. Succession Planning

Business professionals and academic scholars agree that business succession is a singularly important event in a company's life cycle (Handler, 1994; Brockhaus, 2004; Sharma, 2004; Ward, 2004; and Bracci and Vignoni, 2011). While many scholars have focused on family business succession planning and specific factors, events and outcomes

related to that process (Sharma *et al*., 2001; Sharma, 2004; De Massis *et al.*, 2008), few have focused on specific rationale, events, and outcomes of non-family, small business succession planning (Venter and Maas, 2005; Bracci and Vignoni, 2011).

Although there are many reasons for succession, it is largely agreed that strategic succession planning is necessary for the continuation of the business beyond the initial founder (Rowthwell, 2001; Martin *et al.*, 2002; Ip and Jacobs, 2006). One of the primary reasons for succession planning is to ensure the continuation of the business, specifically to mitigate impact on stakeholders, particularly the potential impact on employees. The data showed a strong desire among a subset of small business owners/leaders to use succession planning to secure enduring employment for their current employees.

Broadly speaking, succession is the process of transferring ownership and/or top level leadership from the incumbent to the successor. Ownership succession can take many forms such as: within company—management buy-ins, employee stock ownership plans (ESOPs), or joint ventures; or outside of the company—buy-outs by an outsider, selling the company to an outsider, mergers with another company, public listing on stock exchanges, or liquidation (Hawkey, 2002; and Sherman, 2003). Due to the importance of succession in a firm's future viability and competitiveness, it is crucial that succession and succession planning continue to be studied at length, investigating various motivations, actions, and results.

This basic research seeks to further understand a specific subset of socially responsible small businesses which are still a relatively unexplored sector of the economy by social scientists. Although this segment lacks extensive research, it is becoming a

more prominent division due to increasing employment rates, popularity, and breadth. The goal of this research was to understand the motivations and actions that have been taken towards succession planning by a subset of socially responsible small businesses in Vermont.

There are many reasons and ways in which an incumbent owner/leader (hereafter referred to as "leader" unless addressing ownership-specific situations) may approach the succession process. There is a difference between the actual process of succession and the preemptive process of succession planning. Ideally, succession occurs in firms resulting from a well thought out process. Unfortunately, that is not always the case and it is sometimes left until the last minute or entirely to chance (Rue & Ibrahim, 1996; Leon-Guerrero *et al.*, 1998; Sharma *et al.*, 2000; Sharma *et al.*, 2003).

5.5. Methods

Semi-structured in-depth interviews were conducted with an owner or high-level leadership representative of each of the participant companies in order to understand values in succession planning among the sample of Vermont based companies. It was our goal to allow the interviews to flow in a way which would expose the interviewees' strongest opinions and attitudes; thus we used a grounded theory theoretical perspective to allow for the evolution of frameworks during and after the interviews (Patton, 2002).

The objective of our research was not to develop theory, but to explore emergent themes and reconstruct underlying social patterns (Hildebrand, 2004; Wagner *et al.*, 2010). We designed an interview script informed by existing literature to establish

credibility of the study and of the research team (Miles & Huberman, 1984). Given our two objectives, we structured the interviews to first, support or deny the hypothesis that there was no consistent definition of social responsibility, and to investigate each firm's specific definition and application(s) of social responsibility (Berg, 2012). Second, we structured the interview to explore and understand how the subjects approached business succession planning and its applicability to their firm (Berg, 2012).

The interview sample was intentionally weighted towards businesses whose leaders are known for being SR oriented because of their expected ability to speak more knowledgably about that subject and its implications for their business. The sample frame was selected using a specific list of four criteria that was developed by the research team. The four specific criteria are: 1) the company had to be located and have its headquarters in Vermont; 2) the company had to have fewer than 250 full time employees; 3) the business or business leaders had to be known for some aspect of social responsibility; and 4) an attempt was made to insure as close to equal gender representation among the final selected sample, as possible. Initially we generated a list of nearly 60 companies. The final sample frame was 13 (n=13).

Selected companies were first contacted via email, with a follow-up email sent a few days later if no response was received. All interviews were conducted on the company premises. To ensure timely focus, attention, and understanding, all the interviews were recorded using an audio recorder. All interviews were transcribed after the interview by members of the research team. Transcriptions were completed using HyperTranscribe, the precursor program to HyperResearch, which was used for coding

and analysis. Despite the many benefits to interviewing, recording and transcribing our own data, there are weaknesses to this method of data collection. The primary weaknesses of interviewing as a method of data collection are the opportunity for misinterpretation and dependency on the honesty of respondents.

The objective of our analysis was to first, understand definitions, attitudes, and orientation towards SR and, second, to see if, and how owners/leaders are actively including SR in business succession planning (BSP). Following existing frameworks for analysis, we set out first to identify main themes, second, to assign codes to the main themes and, third, to classify responses under the main themes (Kumar, 2005).

5.6. Analysis: Social Responsibility in Succession Planning

Strategic succession planning shows a vested interest by the incumbent to help secure the future viability of the firm. One of the objectives of this research was to investigate if, and how, leaders are including their social responsibility-oriented values and initiatives in the succession planning process. There are many ways leaders can show varying degrees of socially responsible conduct in succession planning.

The most socially irresponsible thing a leader can do is not to plan for succession. Commonly cited obstacles to succession planning include lack of time, lack of resources, lack of financial stability, and other individual and situational factors (De Massis *et al.*, 2008; Sinkin and Putney, 2012). These factors foster excuses such as the assumption that "it will all work out in the end," or that "thinking about succession" is enough. When a

firm lacks a succession plan, the incumbent engages in rushed, or ill-informed decision making. Rushed decisions negatively impact all stakeholders (Ip and Jacobs, 2006).

A leader who approaches succession by trying to get as much money as s/he can for him or herself is engaging in socially irresponsible conduct. Although this is entirely within their rights, it is inherently selfish and shows little regard for other stakeholders or employees. If profit maximization is the primary objective and it could be achieved by selling to a larger firm, repercussions for staff, stakeholders, company culture, and customer satisfaction are likely. The new parent company could decide to relocate the company—thereby relocating jobs. There may be a dramatic impact on company culture, and it could negatively impact customer loyalty and satisfaction. Sometimes this decision is representative of an incumbent leader who has little to no vested interest in the company post-succession.

There are many ways a leader can address succession that reflects socially responsible conduct. One of the most basic ways a leader can exhibit such conduct during the succession planning process is by simply planning for succession. A business leader's concern about succession is, in and of itself, an aspect of strong social responsibility.

According to scholars, an appropriate timeframe for succession planning is anywhere from three to ten years before the leader is likely to depart (Hawkey, 2002; Martin *et al.*, 2002; Murray, 2003). Other scholars have concluded that showing interest in the process can lead to desirable outcomes. One such scholar asserted "the desirability of succession leads to the intention to pursue succession which, in turn, generates activities associated with succession planning," meaning that those who have the desire

and intention to participate in succession are likely to engage in it (Sharma *et al.*, 2003). When applying that framework to the research sample, one could predict that a firm with strong employee-oriented SR values actively participating in succession planning will develop a succession plan that mitigates employee impact. Additionally, an action which exhibits more socially responsible conduct consists of taking into account the impact that succession will have on all stakeholders. Addressing the impact on customers, suppliers, and the community during succession, as well as future owners, leaders, employees and other stakeholders, is evidence of a deeply committed socially responsible incumbent leader.

Planning for an enduring company culture is another way a leader can address succession, which in and of itself is a manifestation of socially responsible conduct. Deeply held core values and beliefs are often a critical aspect of that firm's success and competitiveness. An incumbent who values the company's culture is likely to continue it. This conclusion is supported by our data. One subject stated while discussing the succession process, "what's more important to me is actually, sort of the legacy that we built up, that it remains.... It's more about like I say the legacy, it's almost like driving by and at least know what they're doing in here without me is following our purpose and principles. That is actually more important than a certain amount of money," (Case 104). Another subject responded similarly, "we really want to make sure that what we have built here can sustain itself and keep going, with the same energy and vibe and cool businesses.... There is a goal of maintaining (company name)'s values after we are gone of being able to keep it local, making sure the tenants are protected." (Case 101).

Planning for an enduring company culture is a way to ensure that current employees feel comfortable with new leadership/ownership, post-succession. Dedication to a culture that the leader and employees have worked hard to create, and including that in the BSP is yet another way which is evidence of greater socially responsible conduct.

Another facet of socially responsible conduct during succession planning deals with the specific type of future ownership and/or leadership structure. When there is leadership based succession, participating in succession planning creates the opportunity to train future leadership. Here, the incumbent can educate the successor on the existing culture and ways of leading that employees are used to, while also providing the opportunity for the successor to develop an individual leadership style that fits well with the existing culture and employee expectations.

During ownership succession, future ownership structure can reflect the values of the incumbent owner. A specific example which is supported by our research, is an employee stock ownership plan (ESOP). Transitioning to an ESOP takes significant planning and shows a high level of trust and respect for employees. One subject described the process as, "You're sort of saying, we're not going to sell the company, we're going to sell the company to the employees.... I mean, we spent 20 years of our lives creating this thing, and the idea of selling it off to a big company, which basically anytime you sell your company is going to, it'll just vanish. It just didn't make any sense," (Case 111). Another subject addressed her company's interest in becoming an ESOP, "Employee ownership is something that definitely resonates with us, makes sense with who we are, what (company name) is all about. We care about, I think the kind of

culture that could support that, we definitely feel really aligned with other companies that are employee owned and have talked with a lot of those folks and have started to learn about it" (Case 102). The data supports the notion that, incumbent owners are increasingly aware of the impact future ownership structure has on a company, its employees, and the culture.

Communicating the ownership transition process and future plans is evidence of greater socially responsible conduct. Communication with employees, as well as the chosen successor, is a crucial step in the succession planning process (Sharma *et al.*, 2003). By communicating with employees, it gives them the opportunity to express concerns, make contingency plans, and have an overall understanding of the process and objectives. Communication with the successor increases the likelihood of a smooth transition (Sharma *et al*., 2003). Taking steps to ensure a smooth transition with as little impact as possible to employees, is socially responsible conduct.

One of the primary reasons for succession planning is to ensure the continuation of the business, specifically to mitigate impact on all stakeholders, particularly the potential impact on employees. As evidenced by the data collected in this research study, a strong emergent theme among a subset of small business owners in Vermont, is the emphasis on providing future and enduring employment for their current employees. Addressing the process as a whole, it can be argued that a business leader's concern about succession, is in and of itself, an aspect of social responsibility. Concern with the succession process indicates the incumbent leadership's understanding of the firm's impact on the community via providing employment, and goods or services, likely

motivated by an interest to mitigate any possible succession-based implications. Further, the ways in which a leader addresses succession are evidence of lesser or greater socially responsible conduct. Neglecting to plan for succession, leaving the process to chance, and prioritizing profit maximization reflects a socially irresponsible leader. Actively planning for succession in advance, including all stakeholders and an enduring company culture in the BSP, and considering the type of leadership or ownership succession that occurs, are evidence of a leader who acts with greater socially responsibility.

5.7. Conclusion and Implications

At the deepest level, we sought information on the ways in which business owners are planning to incorporate value-retention in their succession plans. Our data shows that almost none of the business leaders we interviewed knew exactly how to ensure social responsibility values retention post-transition through succession planning. One subject we interviewed had a formal succession plan in place in which he felt the future of the company was left in the hands of the "philosophers," thus doing all that he could to ensure values retention post-succession. With the exception of one subject, nearly all other cases were unsure how to undertake the process. Many felt that their existing company culture would support a transition and survive succession, others felt it was critical to hand over the company to someone who completely understood the "culture" and had a similar set of "values."

Showing interest in and concern about succession demonstrates the incumbent's understanding of the critical nature of transition and the potential impact it could have on

all stakeholders. Concern about succession implies the incumbent is likely thinking about the future of stakeholders other than themselves. Concern about succession, at its most basic level, indicates that the incumbent acknowledges there is a need for planning. Some argue that "an individual's intention is first affected by the perceived desirability of the anticipated outcomes. In the context of (family) firm succession, the intention to pursue succession would arise from the desirability of succession as an outcome" (Sharma *et al.*, 2003). Thus, it can be hypothesized that leaders who are SR oriented and guided by respect for their employees would participate in succession planning to address the future roles of those employees.

Concern for the succession planning process is representative of the incumbent leadership, and correlates to their social responsibility orientation. Fundamentally, concern about succession is an element of social responsibility. It shows an increased level of commitment and dedication to employees and stakeholders. Strong evidence emerged from the data showing a trend that socially responsible leaders are concerned about and interested in socially responsible succession planning.

This exploratory study is relevant for multiple reasons. First, exploratory research inherently means it is the first of its kind, to the best knowledge of the research team. While the findings of this study cannot be generalized given the small sample used in data collection, they are rudimentary yet notable. As socially responsible businesses continue to grow in numbers and in size, it is important for academia to support the practitioners with necessary information to be successful. Second, given the exploratory nature of this study and the small sample size, further research is needed to build on the

limited body of knowledge. Small business leaders are largely unsure of how to plan for the continuity of their socially responsible values through and post-succession. This research focused primarily on leaders who were just beginning to think about succession planning, specifically social responsibility in succession planning. Longitudinal research is needed to understand how socially responsible values are sustained before, during and post succession. Further research is also needed to compare succession planning efforts between companies that are and those that are not known for being socially responsible.

Whether the companies we interviewed self-identified as socially responsible, they were all examples of companies which were founded or function on a strong set of socially responsible values. While many of these companies had not developed a specific succession plan, their strong and deeply committed socially responsible orientation leads this research team to believe that their strategy towards succession planning will be innovative and progressive.

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CHAPTER 6: DISCUSSION AND CONCLUSION

6.1. Introduction

The goal of this research was to explore and understand the state of socially responsible succession planning among small business owners and leaders in Vermont. This study was well served by the research design of conducting qualitative inquiry, through the use of semi-structured, in-depth interviews. Data reporting was done in a standard, two article approach. The research team felt this was the best way to share the results by adding to the academic conversation and making them accessible for small business owners and leaders.

This chapter concludes this thesis. It will start with a summary of each chapter. It will then move to a discussion on the notable findings and subsequent implications. It will conclude with a summary of the study limitations, and areas for future research.

6.2. Summary of Chapters

6.2.1. Introduction

The objective of this study was developed as a result of the unique values-based, socially responsible business environment that harbors many small businesses in Vermont. This paper began with a brief introduction to the topic and thesis. This was where we provided some of the rationale for embarking on this particular research study.

6.2.2. Literature Review

Building off the work in disciplines of social responsibility, succession and business succession planning, the Theory of Planned Behavior, and applications of the theory of planned behavior, here we investigated and reported the intersection of social responsibility (SR) and business succession planning (BSP) and applied use of the theory of planned behavior. This study is an attempt at exploratory research of a niche within SR, BSP and applied use of the theory of planned behavior.

The literature review provided the foundation for the basis of this study. While the existing literature on the subjects of small business, succession planning, as well as small business social responsibility, although strong on its own, lacks a cohesive connection across the disciplines. The gap in the literature, pertaining to small business succession planning emphasizing small business social responsibility orientation retention, suggested the need for research to understand if and how owners are dealing with this. Thus, we built our study off of the existing literature with an objective to identify the intersection of the disciplines.

6.2.3. Methods

This study aimed to identify if and how small business leaders in Vermont are incorporating intentional SR value retention in their succession planning efforts. Owners, or high level managers, were selected as the target population due to their role in succession planning and critical importance to the company.

The primary research questions guiding this study were: (1) What are leaders' opinions, definitions, and attitudes towards social responsibility and sustainability as it

applies in a business context?, (2) What are leaders' opinions, definitions, and attitudes towards succession planning?, (3) What role (if any) does social responsibility play in their decision making and planning? Qualitative research was conducted in the form of in-depth, semi-structured interviews with a Vermont-based sample was generated from a specific set of criteria. Our sample was comprised of 14 interviews with leaders from 13 different companies, ultimately leading to a sample size n=13.

We designed an interview script informed by existing literature to establish credibility of the study and of research team. The interview questions were informed by reviews of Jenkins (2004, 2006, 2009), Van Merrewijk (2003), Spence (1999), Lepoutre & Heene (2006), Ip & Jacobs (2006), Sharma *et al.*, (2000, 2001, 2003) and works of other scholars relating to SR and BSP. The interviews were conducted in a semi-structured way to allow for digression and further probing where appropriate, yet controlled enough to cover the identified topics. It is important to again note that the objective of our research was not to develop theory, but to explore the emergent themes and reconstruct the underlying social patterns (Hildebrand, 2004; Wagner *et al.*, 2010).

The sample was created by deliberately selecting a list of companies using a carefully developed list of criteria that was established by the research team. There were four specific criteria used in order to select a list of suitable companies. The four specific criteria included: 1) the company had to be located and have its headquarters in Vermont; 2) the company had to have fewer than 250 full time employees; 3) the business or business leaders had to be known for some aspect of social responsibility; 4) balance in gender representation among the final selected sample. Initially we generated a list of

nearly 60 companies. The final sample frame was 13 companies (n=13). The sample frame was intentionally directed towards companies whose leaders are known for being SR oriented because of their expected ability to speak more knowledgably about SR orientation and its implications for their business.

Analysis was conducted in two stages. First, high level paper-based, hand coding was completed inspecting for general themes and emergent trends. Second, a more detail-oriented coding was conducted in HyperResearch using the predetermined codebook.

6.2.4. Article 1

The first journal article was written for an academic audience. This journal article will be submitted to the Journal of Business Ethics following the final submission of this thesis. The focus of this article was to report the emergent themes which developed as a result of applying the Theory of Planned Behavior to our data. We reported a strong connection between SR Attitudes and BSP Attitudes. Following the theory of planned behavior and the emergent trends in the data, we concluded that there is a strong possibility that many of the leaders in the sample will tackle succession planning in a socially responsible way as well as try to plan for the continuation of their SR values post succession, despite many of them representing a current state which has yet to reach the formal business succession planning process.

6.2.5. Article 2

The second article was primarily written for a practitioner, or business professional, audience, in addition to an academic audience. In this article we focused on reporting the current state of small business leaders' opinions, definitions and

applications of social responsibility. Additionally, we focused on reporting how small business leaders are planning for succession, and the ways in which they are representing greater socially responsible conduct. We concluded with an explanation of a need for additional research in order to better support and provide assistance to a specific subset of small business leaders, socially responsible leaders.

6.3. Key Findings and Discussion

This study investigated the relationship between social responsibility and intentions in succession planning. The small scale of this study, embodying a hand-picked sample size of 13 does not provide a strong foundation for broad generalizations, although the following conclusions and implications can be drawn from the study results.

Confirming the existing literature, we found that our subjects struggled to define SR. Many of the subjects we interviewed deferred to defining the concept in light of their own actions, initiatives or applications.

As suggested by Sharma *et al.*, (2003) and Wright (2010), the Theory of Planned Behavior presents the ideal framework through which to study the intentions and behaviors associated with succession planning. While nearly all existing literature on applications of the Theory of Planned Behavior and succession planning applies quantitative analysis, Wright (2010) is one of the few known qualitative applications of TPB in succession planning. We looked specifically at the role of social responsibility as an antecedent of intentions, which result in actions or behavior orientation of the succession planning process.

The trends emerging from the data show the beginning of a paradigm and perception shift. Increasing value and support of socially responsible business practices have inspired a wave of business owners in Vermont. With minimal probing, many of the business owners described goals and plans for succession which represented their strong socially responsible orientation. Concern for the succession planning process can be representative of the incumbent leadership, and the potential correlation with their social responsibility orientation.

At a fundamental level, concern about succession can be considered an aspect of social responsibility in that it shows an increased level of commitment and dedication to employees and stakeholders. Our interest in social responsibility and succession planning revealed an organic growth of socially responsible succession planning, which has yet to be studied.

A fascinating observation was the individual motivating factors in succession planning among founders. All first generation owners were tackling succession planning how they saw fit, without influence from others. Specifically, none of the subjects we interviewed said they were directly following another person's or company's footsteps; in each case the founder felt that they would do what was best for their company and themselves in succession planning. We saw this as a notable finding because it represents a ground-level trend occurring in multiple cases. It will be interesting to continue to observe the trend as it gains traction and hopefully becomes the foundation of a larger paradigm shift towards a new norm of socially responsible succession planning.

Another interesting aspect of the study was who is inspiring the trend towards more socially responsible succession planning. The role that small businesses versus large businesses play in social responsibility is also unclear in terms of who is the driving force responsible for the trend. Globalization, growing viability, and global impact of large corporations has led to a demand for increased transparency and accountability by constituents and stakeholders, thus igniting a need for large businesses to invest in, and implement SR practices (Jenkins, 2004). Many argue that small businesses were the original champions of SR as evidenced by, now famous brands such as, Ben & Jerry's, Patagonia, and Seventh Generation.

The differentiating factor between small and large businesses is the unique ability of small businesses to connect and interact with the local community. Communities which foster entrepreneurial growth are likely to reap benefits of indirect community development as a result of economic growth and expansion (Korsching *et al.*, 2007). Although the succession planning process is quite different in large corporations compared to the small firms studied in this research, it poses a question of which segment of business is leading the pack in transitioning to a more socially responsible succession planning process.

The final emergent trend from this work was with the connection between level of commitment to SR initiatives, the level of commitment to BSP, and what that suggests about the level of commitment to socially responsible business succession planning. The Theory of Planned Behavior confirms that attitudes inform intentions, and intentions inform behavior. After analyzing the attitudes towards social responsibility, and

intentions in succession planning, we conclude that it is likely that 100% of our sample will conduct socially responsible succession planning. While socially responsible succession planning may mean different things for each subject, the data suggests that their intentions are all rooted in a deep commitment to their social responsibility values.

6.4. Contributions

Congruent with many exploratory studies, we add to existing research in the fields that triangulate to form this specific niche within the literature. Exploring the intersection of social responsibility, succession planning, and the Theory of Planned Behavior, we summarize notable findings and contributions to existing literature below.

Substantiating the conclusions of Van Merrewijk (2003) and Murillo and Lozano (2006) our data showed leader's general inability to firmly define social responsibility in a business context. While it is difficult to say whether this makes them more or less socially responsible than a company with a clear definition for social responsibility, it was evident that all of the leaders and their company's were deeply committed to social responsibility in their own way(s). Similarly, many of the leaders in our sample lacked a clear definition for business succession planning or the specific steps that they should take to create a successful succession plan. We add to previous research through illustrating that the process of SR-BSP is as fluid as the definitions of SR and BSP, themselves. Socially responsible BSP can and will be executed in many ways as a result of the variation in definitions and applications of SR.

Many of the cases in our sample were companies where SR was integrated into every aspect of the business, representing an ideology or mentality. Social responsibility was at the heart of nearly every task. Despite the scarcity of formal succession plans among the sample, we put forth that companies that are deeply SR oriented will go about succession planning in a socially responsible way. Leaders and employees who operate in a socially responsible mindset are likely to adapt that mindset to every task. Going back to our typology, we predict that the six cases who struggled to define SR but provided an applied definition and who were actively or passively engaged in BSP, will carry out BSP in a socially responsible way consistent with their SR values. We believe that the leaders in our sample will take into account all stakeholders during the BSP process because of their current commitment to stakeholders.

Sharma *et al.*, (2003) conclude that the presence of a trusted successor is often a spark of BSP. Our findings suggest that the presence of a trusted successor who understands the company's SR orientation and shares a similar set of SR values, is the most important feature in a potential successor among our sample. Thus, again we add to previous research by highlighting the notion that the presence of a successor with a similar set of SR values or principles may be a spark in BSP, specifically SR-BSP.

The notion of company culture was a subject that was raised by many of the leaders in our sample. Planning for enduring company culture is a to ensure that current employees feel comfortable with new leadership/ownership post-succession. Leaders in our sample either explicitly stated their interest in preserving company culture, or had identified a successor who "understood the culture." Thus, we feel the best way to

promote continuity of company culture post-succession is to select a successor who shares a similar set of values. It is important that this successor understands and values key elements of the existing company culture.

Finally, we believe that this exploratory research adds to existing literature by illustrating the beginning of a paradigm shift towards a new norm of socially responsible succession planning. The increasing quantity and importance of socially responsible businesses has laid the foundation for a new wave of succession planning among socially responsible companies. While there is limited research on this phenomenon, we believe that this exploratory research study provides the context and shows a need for future studies.

6.5. Limitations

Despite the firm theoretic background and strong research design of this study, there are relevant limitations to the data and results. We must keep in mind that this study specifically looked at the owners and/or leaders of SR small businesses. It is important to note that it focused solely on their perceptions, beliefs, attitudes, and intentions. In order to fully understand SR small businesses, research must be done to understand the perceptions, beliefs, attitudes, and intentions of employees at all levels.

This study would have been strengthened by a quantitative component in two ways. First, in order to be generalizable to a larger population, a quantitative-based survey instrument should be developed, tested and implemented. Second, a survey instrument given to the existing sample which could have been statistically analyzed,

specifically pertaining to the Theory of Planned Behavior, congruent with other quantitative analyses of TPB in succession planning, would have strengthened this study.

Further, the scope of small businesses in Vermont makes it difficult to generalize the findings. Additionally, as mentioned in the methods section, the results of this study are based off the analysis of the research team. Although we took steps to minimize bias and strengthen the analysis, there is always room for error. There is a need for future studies which investigate social responsibility intentions of small business leaders throughout the United States and globally.

6.6. Areas of Future Study

The following are suggestions of areas of future study based off this research:

1. After refining the research questions, follow-up research should be done with a larger and different sample in an attempt to make these finding generalizable to the greater small business population. These studies should be done with companies that are specifically SR oriented, dispersed throughout the country.

2. Further research is needed to address the actual implications of the Theory of Planned Behavior, specifically, how actions and behaviors have led to successful vs. unsuccessful BSP and ownership/leadership transfer.

3. It would be interesting to look further into the differences between first- vs. multiple-generation firms and how their attitudes lead to intentions and inform their behavior.

4. An in-depth, longitudinal study is needed to conclusively map the BSP process before, during and post-succession to see if the Theory of Planned Behavior can accurately predict the outcome of socially responsible succession in small businesses.

5. This study would have been strengthened by adding a quantitative component that would have created a scale and/or ranking system for the attitudes of incumbent's toward their SR orientation and initiatives, as well as their attitudes and intentions for including those values in the BSP process. Due to the low sample size (n = 13) it would have been statistically insignificant to conduct a quantitative analysis with the sample and report the findings.

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APPENDICES

Appendix A

Interview Transcript:

Background

1. Can you tell me a little about the history of your business?

Values

2. So, can you reflect on what your values are? What comes to mind first?

3. Can you speak to what values are important you both as a *leader* and *business owner*?

4. Of those values (repeat back), which are the most important to you?

5. What does it mean to you, as a business owner / manager, to be "socially responsible?"

6. To what extent have you attempted to incorporate those values in your business?

7. Have you run into any obstacles or barriers in implementing your social or environmental values/initiatives?

8. Have you worked in collaboration with any other firms, entities (within your operating supply chain) or constituents to move forward with social or environmental action(s) / initiatives?

Transitions

9. Going back to the history of the company / your history with the company, can you tell me about any major transitions that have occurred in the past?
    a. Any significant ownership transitions?
    b. Leadership / management?
    c. Employee composition?
    d. Company culture?

10. What does the future of _____(name of company)_____ look like?

11. Have you thought about a potential timeline for personal transition?

12. What does the term succession planning mean to you? How do you see succession fitting into your future?

Goals in Transition

13. What are / would be your goals in future transitions / succession?

14. What are / would be your goals in succession planning?

15. Have you sought out any resources in aiding your succession planning process?

Appendix B

Background Questions: ***Finally, we need to ask a few questions about your background. This information, as with all information provided in this interview, will remain strictly confidential***

A. Gender ☐ Male ☐ Female

B. How old are you? _____ years

C. The Census uses the following race and ethnicities category, how do you classify yourself in these categories? (Circle all that apply)

a. White
b. African American/Black
c. Hispanic/Latino
d. Asian
e. Native American/American Indian
f. Pacific Islander
g. Other _____

D. Your highest level of formal education attained?

1. Less than 9th grade
2. 9th to 12 grade, no diploma
3. High school graduate (includes equivalency)
4. Some college: no degree; associate degree; or, completed technical school program
5. Bachelor's degree
6. Graduate or professional degree

E. How would you describe the current situation of your business?

1. Excellent
2. Good
3. Fair
4. Poor

F. In what year was your business established? _____

G. What is your specific title within the business?_____

H. How many full-time employees do you currently have? _____

I. How many part-time employees do you currently have? _____

J. Are there any individuals (business owners) you would recommend we visit with to learn more about small business succession planning?

NAME	***Role / Org***	***Contact info***

K. If there is any other information that you wish to provide us with, please do so below:

Thank you for your cooperation!!!

Appendix C

SR Code Definitions by Theme:

EMPLOYEE ORIENTATION

Communication – Having good, open communication as a means of fostering productivity, employee retention and appreciation, etc.

Employees – Valuing your employees and treating them well

Provides Employee Benefits – The company provides employee benefits beyond those commonly given, going above and beyond

ENVIRONMENTAL STEWARDSHIP

Environmental – SR/value objectives or actions that are environmentally driven

Green Development – The idea of developing products or infrastructure in a sustainable way that is conscious of the environmental impacts

COMMUNITY ENGAGEMENT

Community – Value the local community and greater community of stakeholders

Social – SR/value objectives or actions that are socially driven

Local – Buy local, use local suppliers, contractors, distributors, etc.. Avoid off-shoring/outsourcing labor, manufacturing, supplies, etc.

FINANCE

Finance Value – Having healthy finances to ensure the ability to employ people and be a sustainable business

Open-Book Management – Sharing company financial with all employees in order to foster a deeper understanding and appreciation of where the company is and where it could go

Profit Sharing – Sharing the profits of the company with the employees

Slow Development – Idea of slow development as socially or environmentally responsible - similar to slow money