

**A CROSS-RACIAL STUDY OF SMALL  
BUSINESS MANAGERS**

**DISSERTATION**

**Presented to the Graduate Council of the  
North Texas State University in Partial  
Fulfillment of the Requirements**

**For the Degree of**

**DOCTOR OF PHILOSOPHY**

**By**

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A survey of today's society reveals that minority groups have not benefited as fully from the advanced economy as have members of the majority. This is true of minority participation in business ownership as well as in professional and social realms.

There has been an increased interest in the past twenty years in the political, social, and economic participation of minority groups in society. This increased interest has given birth to a variety of programs, both public and private, designed to alleviate the various problems of minority groups.

This study has directed its attention to one specific area of interest, attempting to be a definitional study concerned with the entrepreneurial participation of Negroes and Latin Americans in economic society. This facet of the social system is highly interrelated with other cultural and social aspects of life.

The objective of this study is to define differences and similarities in certain aspects of education, experience, and business practices of White, Black, and

Latin American small businessmen, and approximately fifty questions relating to their operations were asked.

The material is organized into five chapters. Chapter I states the problem and traces the difficulties of the Black and Latin American minorities through history. Chapter II provides data on the business enterprise and reviews some of the problems faced by a small businessman. In Chapter III, the minority small businessman is investigated. Chapter IV presents the findings of the study obtained from the interviews, and Chapter V presents a summary, recommendations, and some subjective comments.

Findings of the survey indicated very little variation in the age of the three groups studied. Sole proprietorship was the most popular form of business ownership, although partnerships and corporate forms were more common among the Whites. The average time in business was 9.2 years for the White, 10.3 years for the Black, and 11.6 years for the Latin American.

Capital deficiency of the minority businessman was borne out by the findings of a question relating to initial investment in the business. Whites had invested an average of \$12,500, the Blacks \$4,850, and the Latin Americans \$4,000.

Conceptualization of problems and ability to formulate solutions was found to be deficient in all three groups.

General business skills, including ability to handle financing, accounting, marketing, and general management problems, were found to be deficient. The deficiencies were more pronounced among the minorities than among the Whites. Minimal education and training are the primary reasons for these problems.

Since this was a definitional study, no conclusions were drawn from the data. This study is an effort to make a contribution to the field of knowledge and aid in developing specific areas where further, more concentrated work can be accomplished.

It is recommended that further work should be done on the differences and similarities of White, Black, and Latin American small businessmen. Of particular importance is the area of education differences of the three groups. This effort was not entirely successful due to the quality of answers received on this question, indicating the presence of factors that have significance in regard to the question of the educational disparities between the White and Black business community.

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## CHAPTER I

### STATEMENT OF THE PROBLEM

A survey of today's society reveals that minority groups have not benefited as fully from the advanced economy as have the members of the majority. This is true of their participation in business ownership as well as in professional and social realms.

During the last two decades there has been an increasing interest in the political, social, and economic participation of minority groups in the American society. The history of suppression of minority groups in the United States, especially the problems experienced by the Negro, has created a concern for their role in every facet of American life.<sup>1</sup> This increased awareness has also given birth to a number of programs, both public and private, which are designed to alleviate various problems of minority groups.<sup>2</sup>

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<sup>1</sup>Frank G. Davis, The Economics of Black Community Development (Chicago, 1972), Chapter 2.

<sup>2</sup>See, Janet M. Pomeranz and Leonard W. Prestwich, Meeting the Problems of Very Small Enterprises (George Washington University, 1962) for a listing of some of these programs.

This study directs its attention to one particular area of interest in the spectrum of the problems of minorities, the entrepreneurial participation of Negroes and Latin Americans in economic society. Since this particular facet of the social system is highly inter-related with other cultural and social aspects of life, it is difficult to investigate and measure all aspects which affect a particular status or condition of an individual or a group of individuals, especially those that have developed cultural differences that are found in minority groups. But without knowing all of the circumstances which cause the differences, certain facts do demonstrate that minority groups have not participated as fully in economic society as have others.

Minorities constitute approximately 17 per cent of the United States' total population. Deficiencies of background, historical circumstances, and resources and opportunity have restricted them to a total of approximately 322,000 minority-owned businesses, only 4 per cent of the total number of enterprises in the United States. Additionally, the 10.6 billion dollars in total receipts of minority-owned businesses accounted for only 0.7 per cent of the 1967 receipts reported by all firms.<sup>3</sup> This

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<sup>3</sup>Richard Nixon, Fact Sheet, The White House, President's Minority Enterprise Message (Washington, 1971).

disparity in economic participation by minorities is even more startling than these data reveal. In an article entitled "The Black-White Dollar Gap," it is suggested that the money gap is so immense that Blacks will never be able to catch up with the rest of society.<sup>4</sup> In this same article, which uses data published in a recent United States census publication entitled "Minority-Owned and -Operated Businesses in the United States in 1969," the author states that there are three separate economies in the United States--White, Spanish-speaking, and Black. Each of these groups is separated by a large proportional money gap. To emphasize the differences, he points out the white-to-black population ratio is 8.8 to 1 in the United States. On the other hand, the white-to-black business ownership ratio is 46 to 1, and the white-to-black gross business receipts ratio is 333 to 1. Negroes, who represent 11.3 per cent of the population, own 163,073 businesses. In the year 1969, these businesses had a total of 4.5 billion dollars in gross sales, while 7,167,042 White owned businesses accounted for 1.48 trillion dollars in gross sales in the same period of time. In order to have an equitable share of the market, Negroes would have to own 809,876 businesses with total sales of

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<sup>4</sup>"The Black-White Dollar Gap," Black Business Digest (December, 1971), p. 21.

169 billion dollars.<sup>5</sup> Differences in the nature and quality of reporting minority data may raise the question of complete comparability with White firms. Those differences could not be sufficient, however, to obscure the fact that minority businesses are predominantly small businesses.

A question of complete comparability can be raised in regard to the gross receipts of White owned versus Black owned businesses. Included in the gross receipts for White owned businesses are the industrial giants of the nation. It is very difficult to conceive of valid comparability when we relate data on Negro owned businesses in comparing it with White owned firms when the Black firms are predominantly small firms. The White sector also has a large number of small businesses. Such firms as General Motors, DuPont, Ford, and other similar large industrial corporations are included in the White owned sector. A valid comparison would require that we break the nation's firms down by size and type and then compare the number of White firms with the number of Black firms. A more detailed treatment of this subject is accomplished in Chapter III. The statistics quoted here

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<sup>5</sup>"The Black-White Dollar Gap," Black Business Digest (December, 1971), p. 21.

must not be accepted as totally explanatory because the author of the articles could not properly treat their data.

In addition to being limited to entering small businesses, the Negro is further limited as to type of business by certain cultural factors. For example, service establishments which cater to the Negro community, such as beauty and barber shops and eating establishments, are profuse. On the other hand, there are few Negro banks.

Inequities in minority ownership of banks are pointed up in an article entitled "Black Banking."<sup>6</sup> According to the author, by the end of June, 1970, there were twenty-six black-controlled banks in the United States compared to the 13,000 other banks in operation as of the same date. Furthermore, of those twenty-six banks, sixteen have been organized since 1963.

As has been previously suggested, there are many reasons for the existence of the inequities.

One of the reasons for the differences in minority and majority participation in our economic society is the lack of possession of capital and earning power by the minorities. This has long been recognized as one of the more apparent problem areas. Early efforts by the United

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<sup>6</sup>"Black Banking," Black Business Digest (December, 1971), p. 42.



States Government and other agencies have concentrated on alleviating the causes of this problem.

In addition to the finance problems, the minorities have been unprepared to establish and operate a business. Their training in business management has been deficient. More attention is now being directed toward this facet of the problem, as is pointed out in Black Business Digest. The digest stated in an article in the December, 1971, issue of its publication, entitled "Nixon Administration Responds to Its Black Critics," that

Although considerable attention has been given to the problems of financing a minority business, little effort has been devoted thus far to helping the minority businessman improve and sharpen his business skills. Infusions of money and technical assistance may assist him in starting his enterprise, but to continue a profitable operation, he must have an adequate knowledge of the basic tools of business management. Some businessmen, of course, have no other training than that gained from experience. But the minority businessman, already hindered by a special handicap, faces a double burden if he lacks formal training. . . . <sup>7</sup>

The thrust of federal efforts is still largely financial, as demonstrated by the amount of total federal investment in minority enterprise. According to information released by the federal government, the aggregate federal business loans, guarantees, grants, and purchases

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<sup>7</sup>"Nixon Administration Responds to Its Black Critics," Black Business Digest (December, 1971), p. 19.

for the development of minority economic businesses increased from approximately 200 million dollars in fiscal 1969 to approximately 566 million dollars in fiscal 1971.<sup>8</sup>

Even with this degree of federal aid, the financial efforts of the government have been less than desired, as reflected in the findings of a study conducted by Horace Brock, Floyd Jenkins, and Fred Williams of North Texas State University. The study, entitled "A Profile of the Minority Businessman," found that aid programs designed to assist small businesses, particularly minority small businesses, were not being communicated to the most needed level.<sup>9</sup> The interviews for this study were completed in the spring of 1970. Consequently, it possibly does not reflect current conditions, since there has been a concerted effort on the part of the government and private agencies to increase not only financial aid programs but also other critical elements.

The most successful effort by the government to aid minority businessmen dates from the early days of the Nixon administration. On March 5, 1969, President Nixon issued executive order number 11458, which established the

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<sup>8</sup>Richard Nixon, Fact Sheet, The White House, President's Minority Enterprise Message (Highlight Accomplishments).

<sup>9</sup>Horace Brock, Floyd Jenkins and Fred Williams, "A Profile of the Minority Businessmen," North Texas State University, College of Business Administration, Denton, Texas, October, 1970.

Office of Minority Business Enterprise (OMBE) under the Secretary of Commerce and the National Advisory Council on Minority Business Enterprise. The Secretary was charged to foster and promote minority business enterprise by coordinating all federal minority enterprise programs, mobilizing private resources, and establishing an information function. Additionally, each Federal Agency and Department was made responsible for cooperating with the Secretary in the performance of the functions outlined in his charge.<sup>10</sup>

On October 13, 1971, in a speech to the Congress of the United States, the President requested 100 million dollars in appropriations in addition to the 3.6 million already requested for fiscal year 1972 for the operation of the Office of Minority Business Enterprise. This appropriation request was meant to cover expenditures through 1973. The primary use of these funds is to be directed towards an expanded program of technical assistance and management services as the federal government sees the need for expansion of such services. Approximately 10 per cent of these new funds requested by the President are to be used at the national level to strengthen minority business and trade organizations, to generate broad private

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<sup>10</sup>Richard Nixon, Fact Sheet, The White House, President's Minority Message.

programs of marketing and financial assistance, and to develop other national efforts. The remaining 90 per cent, which would be spent at the local level, would be used to identify, train, advise, and assist minority businessmen and to put them in communication with both non-minority businessmen and with one another in efforts to provide mutual help. Additionally, the President announced that the government had budgeted approximately 700 million dollars for minority loans, grants, guarantees, and purchases in the current fiscal year. This is an increase by a factor of three over 1969.<sup>11</sup>

Although the initial thrust of the federal government was largely financial, it is now increasing its emphasis on technical assistance and management services as discussed above. In order to understand the problems faced by these small businessmen, there is a need for a thorough investigation.

#### Objective of the Study

The objective of this study is to define differences and similarities in certain aspects of education, experience, and business practices of White, Black, and Latin American small businessmen.

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<sup>11</sup>Richard Nixon, The White House, Office of the White House Press Secretary, October 13, 1971, pp. 2, 3.

### Background and Significance of the Problem

Although there were other more basic underlying reasons for the War Between the States, freedom for the slaves was used as the central issue for gaining popular support in the North for the war. The public was stirred to an emotional high against the South with articles such as the one reproduced below from the New York Tribune on January 17, 1861 ("The Insolent Slave-Drivers" by James S. Pike).

There never was such a set of arrogant and imperious rulers as the slave-driving captains of this Republic, since the world began. Such men cannot be created except by Slavery. It is the institution that makes them, and nothing else could do it. Of all men, they most need the discipline of reverses and the humiliation of defeat. It is their insolence of temper that forbids them to submit to being fairly beaten in a Presidential election. They will not take the position of a defeated party. They will rule or they will ruin. They will govern the country or they will destroy it, if they can. They will remain in control of the Government, or they will drag it down about our ears, and bury all in a common destruction.<sup>12</sup>

The concern of the Northern populace for the slave was communicated thoroughly to him, for the Negro withstood the rigors of war in the role of a unique prize for the winner of the conflict. If the South won, his status would be changed little, if any. If the North won, however, he was

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<sup>12</sup>Kenneth M. Stamp, The Causes of the Civil War (Englewood Cliffs, 1965), p. 19.

assured of a new role. He had been promised "forty acres and a mule." He was to become a self-sustaining entrepreneur. King Cotton would now become the servant of the servant. A new day was in store for the Southern Negro.

But the fervor of the North was spent in a war which extended far beyond the expectations of even the most pessimistic prophets, and the Negro, once freed, was forgotten by his liberators. The freedom which he had so long desired now became a source of fear and emotional trauma. He was "free," but he was unprepared to cope with his new status. Simple routines were difficult to accomplish since he no longer had a master to look after him. Food, shelter, and clothing had been taken for granted before, but now they became the center of his efforts. He had to worry about survival, and the basics of civilization, such as voting and getting an education, became secondary to his efforts to obtain a livelihood. As an ex-slave, he was a second-class citizen, and the history of non-voting and little or no education, assured that he would remain a second-class citizen. The North, to whom the Negro had looked for direction, simply freed and forgot the ex-slaves.<sup>13</sup> The Negro slid into an abyss

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<sup>13</sup>Booker T. Washington, The Negro Since Emancipation, edited by Harvey Wish (Englewood Cliffs, 1964), p. 34.

of poverty and despair equal to, and in some instances exceeding, that which he experienced as a slave.

It was for later generations of Northern and Southern descendants of the conflict to recognize the plight of the Negro and take decisive steps toward alleviation. The Civil Rights Act of 1964, decisions of the courts, and a slowly changing public awareness all contributed to development of the proper conditions for effectively dealing with the problem which was only partly solved by the results of the Civil War.

Efforts have been made and continue to be made in many problem areas of the Negro. This study, however, is directed toward the specific area of entrepreneurship. "The forty acres and a mule" promise of over a hundred years ago is now gradually being translated into the modern version of the same concept. Today a small plot of ground and antiquated farming methods would spell disaster for any farmer, black or white. But the underlying spirit of this concept today is expressed in efforts to help the Negro become established as an entrepreneur in small and medium-sized businesses where he can participate more fully in the benefits of the advanced economic society.

Today the federal government is leading the efforts to improve the economic lot of the Negro and other minority

groups. It has enlisted the aid of community and business groups, and together they have developed a wide variety of programs designed to aid in the advancement of minority business ownership. A comprehensive directory of private programs has been compiled and published by the United States Department of Commerce, Office of Minority Business Enterprise. The 1970 edition, containing 364 pages of information on private programs only, is some measure of the magnitude of public awareness and interest.<sup>14</sup>

In addition to the Negro, other minority groups also have not participated fully in economic benefits. Where minority racial groups have tended to retain their identity or have arrived too recently to lose it, they have largely been unsuccessful in obtaining the cultural experience and educational requisites for large-scale entry into entrepreneurship. This has been the case of the Latin American in the Southwest.<sup>15</sup>

Although the Latin American was the first civilized inhabitant of the Southwest, the clash in cultures and the fortunes of war removed him from the dominant role in the

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<sup>14</sup>United States Department of Commerce, Directory of Private Programs Assisting Minority Business (Washington, 1970).

<sup>15</sup>See John H. Burma, Mexican-Americans in the United States, A Reader (Cambridge, 1970), for a more definitive treatment of the Mexican-American in the United States.



area by the middle of the nineteenth century. Today he retains his cultural identity by choice, speaking a separate language and often practicing Old Country customs. His identity as a minority group thus is not being reduced, although largely he is well accepted in his adopted society.

The history of the Latin American as an entrepreneur in the Southwest is different from that of the Negro. The Latin American has a mature society which occupies most of the land area of the Western Hemisphere and from which he can claim a rich cultural heritage. He has been transplanted from an advanced culture whereas the Negro has no similar background on which to draw, since all traces of the Negro's original culture were destroyed by generations of slavery.

Efforts by Latin Americans to enter the business world have not been unrewarding. But the scope of those efforts, both in size and variety, has been limited as with the Negro.

An odd contrast appears when one compares the cultural background of the Negro and the Latin American in the Southwest. For example, the cultural handicap which the Negro experiences is basically the absence of a substantial background on which to rely for his large-scale entry into self-owned business management.

Cultural handicaps can work in different ways. The Latin American of Mexican extraction has a rich cultural

heritage, as has been discussed. Since the cultural background of the Mexican American is different in many respects from that of the Anglo society, it sometimes conflicts with it. Often the older Latin cultural heritage exercises dominance over the Mexican and he follows the dictates of his Latin culture. When this occurs the result is a reduced ability of the individual to participate in entrepreneurship in a highly competitive society such as found in the United States. The Negro has basically the same condition with his "Soul Culture," although this culture does not have the same historical roots and does not exert as much effect on the Negro as the Latin culture does on the Mexican and other Latin Americans.

The majority of the population of North America is White, European, and Protestant by extraction. The Spaniards were white Europeans, but their religion was Catholic. If we follow Max Weber's treatment of the role of the Protestant religion and the development of the capitalist spirit, we must treat the difference in religion between the Spaniard, the German, and the English, as a very pertinent point which has brought about many of the differences we see in the cultural background of the Latin American that retards his efforts to assume a proper role in the world of entrepreneurship in the United States.<sup>16</sup> Weber

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<sup>16</sup>Max Weber, The Protestant Ethic and the Spirit of Capitalism, translated by Talcott Parsons (New York, 1958).

summarizes the most important difference between the Protestant and Catholic concept of work as he says,

In fact, the summum bonum of this ethic, the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life, is above all completely devoid of any eudaemonistic, not to say hedonistic, admixture. It is thought of so purely as an end in itself, that from the point of view of the happiness of, or utility to, the single individual, it appears entirely transcendental and absolutely irrational. Man is dominated by the making of money, by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs. This reversal of what we should call the natural relationship, so irrational from a naive point of view, is evidently as definitely a leading principle of capitalism as it is foreign to all peoples not under capitalistic influence. At the same time it expresses a type of feeling which is closely connected with certain religious ideas. If we thus ask, why should "money be made out of men," Benjamin Franklin himself, although he was a colourless deist, answers in his autobiography with a quotation from the Bible, which his strict Calvinistic father drummed into him again and again in his youth: "Seest thou a man diligent in his business? He shall stand before kings." (Prov. xxii. 29)<sup>17</sup>

The differences in the work ethic as described by Weber have their roots in the Reformation of the sixteenth century. The European countries which made major contributions to the population of the United States were largely those countries which had experienced the religious

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<sup>17</sup>Weber, p. 53.

Reformation of that period of time. Spain, on the other hand, was a major center of resistance to the Reformation, and this resistance came at a critical time when other parts of Western Europe were developing a capital and technological base for entry into the Industrial Revolution which followed. As a result, Spain concentrated on the gold and silver treasures of the New World instead of on its economic potential in markets and raw materials which could have helped Spain develop an industrial base along with the other Western European countries. Spain was interested in retaining the purity of an antiquated, institutionalized religion which had for centuries attempted to stifle the very changes in the character of man which the Protestant Reformation encouraged.

Additionally, Spain was either unaware or unwilling to accept the economic facts of life. Spanish economists had developed almost no economic philosophy except that of Bullionism, a crude and early form of mercantilism. No writer came forth from Spain to challenge Bullionism and help in the maturation of Spain into a more advanced mercantilist country. As a result, Spain concentrated on the gold and silver treasures of the New World instead of the potential of the Western Hemisphere in terms of its economic resources in markets and raw materials. These could have helped Spain develop an industrial base along with the other Western European

countries. Part of this was also due to the fact that Spain had a royal monopoly which concentrated on the exploitation of precious metals. On the other hand, the Dutch, English, French, and Germans developed their colonies as sources for raw materials and markets for manufactured products.

Another important change failed to materialize in the Spanish culture during the Reformation period. This was the institution of feudalism. As the colonies of England began to develop, the availability of free land and the minimal control exercised over the immigrants led to a total and final breakdown of the feudal system in the colonies. The heritage of oppression in feudalistic medieval Europe was the impetus for the development of a new spirit of freedom and independence which for so many years has been embodied in the character of the small American frontier landowner. Spain, however, was more successful in transferring the feudalistic tradition. Spain had close control of the immigrants and permitted colonization only by the people who best represented the system the king and the church wanted to perpetuate. Spanish colonists came as masters to the New World and introduced Negro slaves. They exploited but could not enslave the Indians. By the system of repartimiento,

the Spaniards were given the right to all or part of the labor of an Indian. By encomienda, the Spaniard got the right to collect tribute, similar to feudal dues, from Indians in specified areas. Thus they were successful in transferring the feudal system; at the same time, they overlaid elements of the Catholic religion and the Spanish culture on the inhabitants.<sup>18</sup>

The results of these developmental differences on the people of the United States and of Latin America touch virtually every area of life. The magnitude of the cultural cleavage is brought into focus when the businessmen of North America and of Latin America are compared. When a third member--the Negro--is added, the framework necessary for an insight into the problems society faces today is complete.

Before any program of aid to the small businessman, and particularly to the minority businessman, can hope to become effective, it is necessary to understand the objective set. Federal and private programs are becoming more aware of this need for understanding the problem in order to design effective aid measures.

As noted previously, early efforts were designed to assist the minority businessman solely in the provision of

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<sup>18</sup>Shepard B. Clough, The Economic Development of Western Civilization (New York, 1959), pp. 132, 133.

capital or credit associated with starting and running a new business. Although no authors describe the reason for the early concern with finances, when one evaluates the myriad problems faced by the minority businessman, the problem of capital is the most apparent and the most definitely critical. Fortunately, as time has progressed, efforts have been made to understand the problem in its entirety. The Office of Minority Business Enterprise spent two years studying the problems of minority and majority businessmen in the United States. They met with representatives of American business and top officials of federal agencies. Additionally, they worked with business development organizations in more than thirty cities.<sup>19</sup>

This study is an effort to probe into some major aspects of the small businessman's environment. When the characteristics of White, Black, and Latin American businessmen are compared, it is hoped that elements which cause or contribute to success or failure of the minority businessman will be revealed.

Another significant element of this study is the opportunity to analyze three ethnic groups functioning in the same local area. Dallas, Texas, provides a good opportunity to view these diverse groups doing business under similar economic circumstances. Although there are

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<sup>19</sup>"Nixon Administration Responds to Its Black Critics," Black Business Digest (December, 1971), p. 16.

a few other cities which offer similar opportunities, probably none is better than the Dallas area. By evaluating these three groups, it is possible to compare White with Black, Black with Latin American, and Latin American with White.

#### Limitations of the Study

This study is definitional. It is not designed to prove or disprove any particular hypothesis, since almost any hypothesis which could be formulated about a study of this type would be implicit and self-evident. Apparent, self-evident conclusions have already been the basis for the development of remedial programs for minority businessmen. While these programs have contributed to a solution of the problem, more progress could probably have been made if a definitive study of the problem had been accomplished before the solutions were implemented.

This study attempts to probe into some of the major factors which have brought about the major differences in entrepreneurship participation between the White, Black, and Latin Americans in the United States. Instead of being a comprehensive study which will define all the problem areas and develop solutions for their remedy, it is hoped that this study will be the starting point for other studies which can study in greater depth the reasons for the differences revealed by this study, with the



hopeful expectation that viable solutions can be found to the problems of minority businessmen.

### Methodology

A selection of twenty business firms was made in each of the White, Black, and Latin American business communities. The sample size of twenty firms was empirically determined. Experience in interviewing in a preceding study indicated that a sample of this size was sufficient.<sup>20</sup>

The sample was structured to include a wide variety of types of businesses. Minority business selections were initially made from a directory of minority businesses published by the Dallas Alliance for Minority Enterprise. Additions were then made to the list in an effort to secure a proper cross-section of business types. The sample was structured to exclude proportional representation of businesses by ethnic groups. In the Latin American and Black business communities, there are many business firms which are culture-related. Only representative firms were taken from this group in order to prevent distortion of the data. Additionally, the marginal nature of some of the minority business firms, particularly in the Black business community, required that moderately

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<sup>20</sup>Horace Brock, Floyd Jenkins and Fred Williams, "A Profile of the Minority Businessman," North Texas State University, College of Business Administration, Denton, Texas, October, 1970.

successful Black business firms be selected to approach comparability with their White and Latin American counterparts. A certain degree of sophistication in business practices was necessary in order to provide the information needed. The maximum firm size was set at twenty-five employees. The survey instrument is included as Appendix I. A personal interview with the principal executive officer of each firm was conducted. After discussion with the Dallas Alliance for Minority Enterprise and the Small Business Administration and telephone testing, it was decided that no prior notice of the interview would be given. This approach worked successfully, although a number of rejections were received from the White business community.

Experienced, ethnic interviewers were utilized. For the White business community, a female accountant and a male businessman were used to interview. For the Black community, a Negro woman sociologist was used. For the Latin American community, a Latin American male accountant was used. A training session was conducted to familiarize the interviewers with the survey instrument and to give them guidance in the development of tactful elicitation techniques to prevent giving offense in the conduct of the interviews and to ensure veracity and quality of the data secured.

## CHAPTER II

### THE SMALL BUSINESS ENTERPRISE

#### Definition

Quoting Public Law 85-536, which was enacted on July 16, 1958, as an amendment to the Small Business Administration Act, Musselman and Hughes state that "A small business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation."<sup>1</sup>

Other definitions of the small business enterprise exist, including one by the Committee for Economic Development. The C.E.D. considers a company to be a small business enterprise when at least two of the following characteristics exist: First, management is independent; that is, generally the managers are the owners. Second, either an individual owner or a small group provides the capital for the firm. Third, the geographic area of operation is local. The employees and owners reside in a local community, although it is not required that their markets be local in nature.

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<sup>1</sup>Vernon A. Musselman and Eugene H. Hughes, Introduction to Modern Business (Englewood Cliffs, New Jersey, 1973), p. 149.

Fourth, coinciding with the definition of the S.B.A., the size of the firm is relatively small. In other words, the business enterprise is fairly small compared to larger units in its industry. Care must be exercised in using this criterion because of the differences in types and characteristics of firms. The automobile industry is a case in point.<sup>2</sup>

It is obvious from these two definitions that there is some diversity in the description of the small business. The definition of small business as used in this study, however, relies on one criterion--the employment of twenty-five or fewer persons. Emerging from all definitions, including this one is the central fact that most small businesses operate on a small scale with limited capital and a small number of employees.

The firms used in this survey meet all of the criteria used in the many definitions of the small business. It must be recognized, however, that there is a wide range of firms which can fit under these umbrella-type definitions because most definitions put a maximum, not a minimum, on the firm.

#### Small Business Failures

Musselman and Hughes point out that the fact that a business is small suggests that its chances of failing may

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<sup>2</sup>Musselman and Hughes, p. 149.

be substantially greater than those of a larger business.<sup>3</sup> Their definition of failure includes only those businesses that had been forced into some type of court proceeding or voluntary action that results in losses to creditors. One of the difficulties experienced in treating the question of failure or success is the definition of failure. In the present study there were several firms which probably should have discontinued business operations as a firm. They seemed unaware of the critical nature of their condition, and if they were aware of it, they did not seem to understand how they should disentangle themselves from their operation.

Quoting data from the Small Business Administration 1970 Annual Report, Musselman and Hughes state that the number of business failures closely parallels the cyclical fluctuations in the national economic conditions.<sup>4</sup>

#### Some Characteristics of Small Businesses

A large number of studies have been done on small businesses. Little interest was demonstrated in minority-owned businesses, however, until the last part of the preceding decade. Then, there was a good collection of

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<sup>3</sup>Musselman and Hughes, p. 155.

<sup>4</sup>Musselman and Hughes, p. 155.

data in the 1969 Census Study by the United States Department of Commerce on minority-owned businesses.<sup>5</sup>

Since White businesses are the ones against which minority businesses are compared, the approach in this paper is to look at some of the characteristics of small businesses generally and then in the following chapter to look more closely at some of the characteristics of minority businesses as background for the findings of this study.

As is pointed out in the book by Lee E. Preston, the functions performed in managing a small business are similar to those employed in managing a large business.<sup>6</sup> The most important difference is that the small business firm usually cannot afford the qualified staff necessary to conduct its operation as a large corporation can. As a consequence, there is a wide variety of skills needed by the owner-entrepreneur when he sets about to establish and operate a business. This makes it more difficult for a small business to be successful, because it is virtually always deficient in managerial ability in some area. Of course, some skills are more critical than others, and the owners who have certain characteristics stand a greater chance of

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<sup>5</sup>United States Department of Commerce, Minority-Owned Businesses: 1969 (Washington, 1971).

<sup>6</sup>Lee E. Preston, Managing the Independent Business (Englewood Cliffs, New Jersey, 1962).

success than those who do not have them. Kenneth Lawyer in the publication Small Business Success: Operating and Executive Characteristics has published the results of a study of 110 successful metal-working plants in Ohio.<sup>7</sup> Although this is a study in which a specific industry has been used, many of Lawyer's findings are useful in this study because of the depth and size of the sample. It was found that the average age of top executives was 53.5 years. Lawyer also found that virtually all of these companies had the corporate form of business organization. The location of the firms was selected because of marketing or production advantages of one type or the other.

These successful firms rarely engaged in long-term planning, according to Lawyer. This particular set of firms was tied very closely to heavier industry; and, consequently, it was difficult to do long-range planning. They expected nominal increases in volumes and profits, but they seemed to be tied so closely to the industries they were supporting that they had developed no aggressive plans.

In accounting practices Lawyer says,

Of the 110 firms covered in the survey, only 28 said they had integrated cost-accounting systems, and the other 82 compiled only statistical cost data for reference. Among

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<sup>7</sup>Kenneth Lawyer, Small Business Success: Operating and Executive Characteristics (Cleveland, 1963).

the 28 firms, 20 compiled actual job costs. Of the 110 firms, 26 indicated they used some form of standard costs in estimating prices. Practically all the firms not having integrated cost-accounting indicated that they based their estimated cost for pricing on past actual cost as recorded.<sup>8</sup>

Thus, one can see that in businesses that were virtually all job shop, there was still an undesirable level of accounting procedures used. Moreover, these were the successful firms. Little or no short-term planning and no long-term planning were accomplished. Most of the firms had no formal budget programs.

Concerning the question of financial management, the presidents of the sampled firms were responsible for financial management. Sometimes they employed other officers such as a treasurer, secretary-treasurer, or vice-president to accomplish the financial planning, but the majority did not. The reason for close financial control by the president was probably the initial limited amount of capital.

Lawyer attempts to explain why some of the accounting practices were less than optimal. First, it was felt that the general accounting records were sufficient for the needs of the firms. Additionally, since there were very few who sold stocks or other securities, the firms did not

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<sup>8</sup>Lawyer, p. 18.



have to file reports with the Securities and Exchange Commission. He also thought, as a third reason, that the accounting practices were deficient because of the backgrounds of the key executives. Had they had more accounting or finance, he thought that they might have appreciated more detailed accounting. As a last item, he suggests that detailed accounting and cost-control features were not considered necessary because of such direct personal participation by the management in sales and production. Table I depicts the age distribution of chief executives of the 110 metal-working firms surveyed by Lawyer. There is a heavy grouping of executives in the forty-to-forty-nine category.

Table II details the educational background of chief executives of the 110 metal-working firms surveyed by Lawyer. It is interesting to observe that 22.2 per cent had high school diplomas, 16.2 per cent had some college, and 35.4 per cent had college degrees. As will be seen later, this is a higher educational level than was found in this study when a cross-section of small businesses was accomplished.

In the area of work experience, Lawyer found that in the metal-working industry men tended to switch jobs very seldom and to enter their own business with a good background of experience. Table III provided by Lawyer

TABLE I  
AGE DISTRIBUTION OF CHIEF EXECUTIVES\*

Age Interval	Number	Per Cent of 110
20 - 29	1	0.9
30 - 39	10	9.1
40 - 49	38	34.5
50 - 59	24	21.8
60 - 69	27	24.6
70 - 79	8	7.3
80 - 89	2	1.8
Total	110	100.0%

\*Source: Lawyer, p. 20.

details the last previous position of the chief executive officer. There is a wide distribution of skills represented, but accounting and finance is the weakest of all the groups. This corresponds to the earlier experience noted in the accounting and finance functions of the 110 firms.

Concerning use of media in advertising, Lawyer received the responses shown in Table IV. As can be seen from this data, trade journals, direct mail,

TABLE II  
EDUCATIONAL BACKGROUND OF CHIEF EXECUTIVES

Educational Level	Formal Years	Number of Executives	Per Cent of 99
No high school	0 - 6	3	3.0
Some high school	7 - 9	10	10.1
High school	10 - 11	4	4.0
High school diploma	12	22	22.2
Some college	13 - 15	16	16.2
College degree	16	35	35.4
Some graduate work	17 - up	3	3.0
Graduate degree	18 - up	6	6.1
Total	. . . .	99	100.0%

\*Source: Lawyer, p. 29.

catalogs, and the yellow pages were the most popular media.<sup>9</sup>

TABLE III  
LAST PREVIOUS POSITION OF CHIEF EXECUTIVE OFFICER\*

Previous Position	Number	Per Cent of 110	At Management Level (Foreman or Above)	
			Yes	No
Production	20	18.2	10	10
Marketing	14	12.7	6	8
General Management	14	12.7	14	0
Engineering	13	11.8	6	7
Accounting and Finance	2	1.9	1	1
Sub-Totals	63	57.3%	37	26
With firm since leaving school	25	22.7	..	..
Miscellaneous positions	7	6.4	..	..
Not answered	15	13.6	..	..
Totals	110	100.0%	..	..

\*Source: Lawyer, p. 28.

<sup>9</sup>Lawyer, p. 104.

Another study was conducted in 1962 by George Washington University under the Small Business Administration Management Research Grant Program.<sup>10</sup>

TABLE IV

QUESTION: WHAT MEDIA ARE USED? RATE 1, 2, 3, 4\*

Media	Points**	Per Cent
Trade journals	262	34.1
Direct mail	194	25.3
Catalogs	112	14.6
Yellow pages	62	8.1
Trade directories	34	4.4
Business publications	24	3.1
Trade shows	16	2.1
Consumer magazines	15	2.0
House organs distributed to potential users	14	1.8
Newspapers	4	0.5
Total	768	100.0%

\*Source: Lawyer, p. 104.

\*\*Ratings are weighted (a total of 17 firms were unable to rate media as to importance).

<sup>10</sup>Janet M. Pomeranz and Leonard W. Prestwich, Meeting the Problem of Very Small Enterprises (George Washington University, 1962).

This broad-based study of 425 small business firms found many characteristics similar to those identified by Lawyer in his study.

One area of investigation in this report was a little different from that encountered in other sources. The business manager was asked about the factors he liked most in business. Both firms which were still operating and discontinued firms were interviewed. Meeting interesting people was the factor which 33.3 per cent of all firms liked most. Challenge, excitement, and pride in work was the reply of 26.4 per cent of the respondents, and the particular technical phase of operation was given by 23.6 per cent, with profits accounting for only 16.6 per cent of the respondents' answers.<sup>11</sup> It was interesting to observe that there was little variation between the factors most liked by the operative and the discontinued firms.

Additionally, the Pomeranz study asked which factors were least liked. For all firms, employee problems accounted for 16.2 per cent, customer relations for 19.1 per cent, low profits for 11.7 per cent, long hours for 22.1 per cent, governmental regulations for 10.3 per cent, and the particular phase of operation for 20.6 per cent. There was greater variation between the firms still in operation and the discontinued firms on these answers.

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<sup>11</sup>Lawyer, p. 124.

Employee problems, customer relations, low profits, and governmental regulations were the items most frequently cited by the discontinued firms.<sup>12</sup>

Professor William A. Strang in 1969 identified causes of business failures as reported by Dun and Bradstreet.<sup>13</sup> Table V gives this data. Incompetence is listed as the most common cause of failure, according to this table. Some 45.6 per cent of the businesses that failed in 1969 were deemed to have been led by incompetent management. Unbalanced experience accounted for 19.5 per cent, and the lack of managerial experience accounted for 13.7 per cent. Miscellaneous causes accounted for the remainder. These three leading causes of failures act as a red flag of danger to the small, especially the small minority, businessman, as one can see from the results of the empirical work done on this study.

Table VI identifies the operating problems resulting from poor management. Inadequate sales is the leader with 42.2 per cent; then come competitive weakness with 22.9 per cent, heavy operating expenses with 12.1 per cent, and receivables difficulties with 10.1 per cent. These four categories account for approximately 90 per cent of

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<sup>12</sup>Pomeranz and Prestwich, p. 126.

<sup>13</sup>William A. Strang, "Minority Economic Development: The Problem of Business Failures," Law and Contemporary Problems (Durham, N. C., 1971), p. 123.

TABLE V  
CAUSES OF BUSINESS FAILURE, 1969\*

Underlying Cause of Failure	Percentage of All Failures
Incompetence . . . . .	45.6
Unbalanced experience . . . . .	19.5
Lack of managerial experience . . . . .	13.7
Lack of experience in the line . . . . .	8.7
Neglect . . . . .	2.8
Disaster . . . . .	1.4
Fraud . . . . .	1.2
Reason unknown . . . . .	7.1
Total . . . . .	100.0

\*Sources: Dun and Bradstreet, The Failure Record Through 1969, at 11 and William A. Strang, Law and Contemporary Problems, Community Economic Development, Part I, School of Law, Duke University, Vol. XXXVI, Winter, 1971, No. 1 (Durham, N. C.), p. 123.

the operating problems resulting from poor management. Inability to handle sales, competition, operating expenses, and receivables will virtually always insure the failure of a business.

Other studies have been done which have attempted to investigate various aspects of many types of small businesses. Many of these reports are listed in the bibliography. To the extent that they investigated common subjects, fairly consistent results were acquired.



TABLE VI

## OPERATING PROBLEMS RESULTING FROM POOR MANAGEMENT\*

Cause of Failure	Percentage of Failures Due to Mismanagement
Inadequate sales . . . . .	42.2
Competitive weaknesses . . . . .	22.9
Heavy operating expenses . . . . .	12.1
Receivables difficulties . . . . .	10.1
Inventory difficulties . . . . .	4.5
Excessive fixed assets . . . . .	3.9
Poor location . . . . .	2.8
Other . . . . .	1.5
Total . . . . .	100.0

\*Sources: Dun and Bradstreet, at 12 and Strang, p. 123.

The next chapter will proceed to a study of a lesser-known area of the small business world: the world of the minority small businessman.

## CHAPTER III

### THE MINORITY SMALL BUSINESSMAN

#### Introduction

"Small business . . . is a quiet kind of success that doesn't make big news on the financial page, but makes life more rewarding for millions of Americans." Thus, President Nixon is quoted by the Small Business Administration in its annual report for 1971.<sup>1</sup>

The Small Business Administration annual report goes further to point out that small business is a very large and important part of America. It accounts for 95 per cent of the number of all businesses and provides jobs for 35 million Americans, or 44 per cent of the work force. Some 37 per cent of the gross national product, amounting to \$385 billion dollars worth of goods and services, was produced in the year 1971 by the small businesses of America.<sup>2</sup>

But these statements refer to small businesses owned by Whites. The picture of the minority small businessmen is not nearly so bright. Hundreds of years of repression

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<sup>1</sup>S.B.A. Annual Report, 1971, United States Small Business Administration (Washington, D. C., 1971), Vol. 1, p. 1.

<sup>2</sup>S.B.A. Annual Report, 1971, p. 1.

in all facets of life coupled with a demeaning prejudice and segregation by other parts of society have all contributed to a dismal set of conditions for the Black small businessman. Additionally, the Latin American small businessman has generally not fared as well as the White small businesses either. His restraints have been different to those of the Black. He has been handicapped by being a member of a minority group which sprang from a cultural heritage different from that of the White small businessman. Thus, the story of the minority small businessman has not been that of a quiet success. Rather, its history is that of frustrating attempts to try to rise above the many experiences of failure and futility.

In the past few years, more specifically since 1969, society's attention has been focused more on the minority small businessman, both Black and Latin American. Prior to 1969, little attention was directed to the peculiar problems of the minority small businessman; consequently, few studies of the small businessman were produced. On the other hand, a number of works had been accomplished on the small businessman in general. This deficiency of works on the minority small businessman makes it more imperative that additional definitive empirical studies be accomplished in an effort to better understand the minority small businessman and his problems.

The small businessman usually has to struggle to survive. When the usual problems of the small businessman are compounded with the problems of the minorities, the probability of viable small business is reduced substantially. Since 1969, there has been a variety of programs introduced to aid the development of minority business. Some of these programs are summarized in Chapter I.

A recent report indicates that although the minority businessman still faces a multitude of problems, there is a sprinkling of successes which point up the results that can be obtained in the proper environment. U. S. News and World Report of March, 1973, details some cases of success. It is hoped, of course, that these success stories will be repeated many times over.<sup>3</sup>

Since the minority small businessman has not been investigated as thoroughly as has the White small businessman, this dearth of material requires that we do definitive work. The remainder of this chapter is devoted to developing a basic definition of minority small business.

#### A Profile of Minority-Owned Enterprise

The Negro race is the largest minority race in the United States. The United States Census Department usually

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<sup>3</sup>"Black Business Moves Out of the Ghetto," U. S. News and World Report, XXIV (March 19, 1973), p. 55.

categorizes three groups in the population as White, Negro, and other. The general category of "other" includes all non-White and non-Negro elements in society.

Table VII is a comparison of population statistics for the United States, Texas, and the Dallas Standard Metropolitan Statistical Area for the year 1970. This table is designed to give some perspective of the structure of the majority and minority groups. Revised population statistics developed by the United States Census Bureau indicate that the United States had a total population of 203,235,298 in 1970. Of this total, 177,612,309 or 87.4 per cent, were White, while Negroes numbered 22,672,570, or 11.2 per cent. Other racial groups accounted for 2,880,820, or 1.4 per cent, of the composition.

While Texas had 5.5 per cent of the total population, it had a disproportionately larger share of the nation's Negro population, 6.1 per cent, as well as 2.8 per cent of the "other" category.

The disparity in the minority participation in the ownership of private businesses is supported in some detail by data from the following tables. First, Table VIII provides an industry breakdown by gross receipts and number of firms in the United States in the year 1968, excluding agriculture, forestry, and fisheries. The total number of firms for this year is 8,203,000, with services accounting

TABLE VII  
 POPULATION COMPARISONS OF THE UNITED STATES  
 FOR TEXAS AND THE DALLAS STANDARD  
 METROPOLITAN STATISTICAL AREA  
 1970\*

Categories	United States (Rev.)	Per Cent of Total	Texas	Per Cent of U. S.	Dallas SMSA	Per Cent of Texas
Total	203,235,298	100.0	11,196,730	5.5	1,543,680	13.8
White	177,612,309	87.4	9,717,128	5.5	1,295,014	13.3
Negro	22,672,570	11.2	1,399,005	6.1	248,666	17.8
Other (Computed)	2,880,820	1.4	80,597	2.8	. . . .	. . . .

\*Source: Census of Population, 1970, U. S. Department of Commerce, Bureau of the Census, Washington, D. C.

for more than one-third, or 34.1 per cent of the total number. These, however, accounted for only 5.9 per cent of gross receipts. This, of course, is related to the nature of the services industry, which requires few resources other than labor to perform many service functions. Wholesale and retail firms and receipts are nearly equal. A substantial disproportion is exhibited in the manufacturing industry, where in terms of total number of firms, manufacturing accounts for only 4.7 per cent, while accounting for 37.8 per cent of the total amount of gross receipts. As will be seen, the structure of minority-owned enterprise in relation to this table changes quite substantially and offers some interesting and perplexing questions.

Next, Table IX is a comparison of the number of firms of all minority-owned businesses and total United States firms broken down by industry. Each industrial category is disproportionate to the population proportion. Manufacturing, with its high capital requirements, restricted entry, and general oligopolistic structure, has an even lower percentage of minority participation than do other categories. The category of wholesale and retail is misleading because there are a large number of retail stores but few wholesale establishments. In the finance, insurance, and real estate category, is found the lowest

TABLE VIII

ANALYSIS OF INDUSTRY BY NUMBER OF FIRMS AND  
GROSS RECEIPTS OF ALL FIRMS IN THE  
UNITED STATES, 1968\*

Classification	Number of Firms (000)	Per Cent of Total	Gross Receipts (Millions Dollars)	Per Cent of Total
All industries excluding Agriculture, Forestry, and Fisheries	8,203	100.0	1,708,706	100.0
Construction	840	10.2	97,530	5.7
Manufacturing	388	4.7	645,128	37.8
Transportation and other Public Utilities	367	4.5	116,537	6.8
Wholesale and Retail	2,591	31.6	583,833	34.2
Finance, Insurance, and Real Estate	1,221	14.9	164,362	9.6
Services	2,796	34.1	101,316	5.9

\*Statistical Abstract of the United States, 1971, (A2 Edition), U. S. Department of Commerce, Bureau of the Census, Washington, D. C., 1971, Table 711, p. 459. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)



percentage participation by minority-owned businesses. Of the 1,221,000 such firms, only 22,000 were minority-owned. Finance, especially banking, is one area which the Negro has been virtually unsuccessful in entering.

When minority participation in society is evaluated by the number of firms, even as low as these data reflect the participation to be, it is misleading because the participation of all minority-owned businesses in total receipts or gross sales is substantially different from the proportional number of firms participating. For example, Table X is a comparison of gross receipts of all minority-owned businesses and total United States firms broken down by industry. Although the minority-owned firms have 3.9 per cent of the total number of firms in the United States, this only accounts for 0.6 of 1 per cent of the total United States receipts. Services, the only category to account for more than one per cent of the gross receipts, is credited with 1.4 per cent or a total of 1,464,000,000 dollars. The minority-owned manufacturing firm is the lowest, accounting for only 0.1 of 1 per cent of the total receipts. Wholesale and retail establishments, by virtue of their being combined, give a misleading picture. Retailing accounts for the largest proportion of this 1 per cent, as will be seen later.

TABLE IX

COMPARISON OF THE NUMBER OF FIRMS OF ALL MINORITY-OWNED BUSINESSES AND TOTAL U. S. FIRMS, BY INDUSTRY\*

Classification	Total U. S. Firms (000)	All Minority-Owned Firms (000)	Per Cent of Total U. S.
All industries excluding Agriculture, Forestry, and Fisheries	8,203	322	3.9
Construction	840	30	3.6
Manufacturing	388	8	2.1
Transportation and other Public Utilities	367	24	6.5
Wholesale and Retail	2,591	102	3.9
Finance, Insurance, and Real Estate	1,221	22	1.8
Selected Services	2,796	100	3.6
Other industries and not classified	. . . .	35	. . . .

\*Source: Statistical Abstract of the United States, 1971, (A2 Edition), U. S. Department of Commerce, Bureau of the Census, Washington, D. C., 1971, Table 711, p. 459 and U. S. Bureau of the Census, Minority-Owned Businesses, 1969 MB-1, U. S. Government Printing Office, Washington, D. C., 1971, pp. 152, 153. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

TABLE X

COMPARISON OF GROSS RECEIPTS OF ALL MINORITY-OWNED BUSINESSES AND TOTAL U. S. FIRMS, BY INDUSTRY\*

Classification	Total U. S. Receipts (Millions Dollars)	All Minority-Owned Receipts (Millions Dollars)	Per Cent of Total U. S. Receipts
All industries excluding Agriculture, Forestry, and Fisheries	1,708,706	10,639	0.6
Construction	97,530	947	1.0
Manufacturing	645,128	650	0.1
Transportation and other Public Utilities	116,537	395	0.3
Wholesale and Retail	583,833	6,117	1.0
Finance, Insurance, and Real Estate	164,362	539	0.3
Selected Services	101,316	1,464	1.4
Other industries and not classified	. . .	527	. . .

\*Source: Statistical Abstract of the United States, 1971 (A2 Edition), U. S. Department of Commerce, Bureau of the Census, Washington, D. C., 1971, Table 711, p. 459 and U. S. Bureau of the Census, Minority-Owned Businesses, 1969, MB-1, U. S. Government Printing Office, Washington, D. C., 1971, pp. 152, 153. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

Already one can begin to see the character of minority-owned businesses. They are virtually all very small. In its study entitled Minority-Owned Businesses: 1969, the Bureau of the Census breaks these firms down into two categories--the firms with paid employees and the firms without paid employees.<sup>4</sup> This is significant as later data will reflect. Much of the analysis, however, must be accomplished with the firms which have paid employees because only they reflect the characteristics which lend themselves to proper quantitative analysis.

Table XI is an analysis by industry of all minority-owned firms with paid employees in the United States. In the 1969 study, there were 89,941 minority-owned firms with paid employees.<sup>5</sup> Those firms employed 370,064 employees and grossed a total of \$8,934,482,000. Retail trade was by far the most important category in terms of number of firms, number of employees, and gross receipts. Gross receipts for retail trade were 51.1 per cent of the total amount of gross receipts for all industries. Wholesale trade, on the other hand, accounted for only 2.5 per cent of the establishments, 3.5 per cent of the total

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<sup>4</sup>U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, Washington, U. S. Government Printing Office, 1971, pp. 142-143.

<sup>5</sup>Minority-Owned Businesses: 1969, pp. 142-143.

TABLE XI

ANALYSIS BY INDUSTRY OF ALL MINORITY-  
OWNED FIRMS WITH PAID EMPLOYEES  
IN THE U. S.\*

Classification	Number of Firms	Per Cent of Total	Number of Employees	Per Cent of Total	Gross Receipts (\$1,000)	Per Cent of Total
All industries	89,941	100.0	370,064	100.0	8,934,482	100.0
Contract Construction	8,214	9.1	35,211	9.5	781,490	8.7
Manufacturing	4,088	4.5	30,992	8.4	625,324	7.0
Transportation and other Public Utilities	3,404	3.8	13,422	3.6	259,454	2.9
Wholesale Trade	2,281	2.5	13,021	3.5	876,819	9.8
Retail Trade	43,820	48.7	167,853	45.4	4,568,704	51.1
Finance, Insurance, and Real Estate	3,311	3.7	14,611	3.9	456,284	5.1
Selected Services	19,228	21.4	81,137	21.9	993,946	11.1
Other industries and not classified	5,595	6.2	13,817	3.7	372,461	4.2

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, 1971, pp. 142-143. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

number of employees, and only 9.8 per cent of the gross receipts. This reflects the imbalance in favor of the retail trade category, which previous tables failed to do, because they grouped wholesale trade and retail trade together in one category.

Selected services is the second-most important category in terms of the total number of firms and the total number of employees, although it accounts for only 11.1 per cent of the gross receipts. The two categories, retail trade and selected services, account for 70.1 per cent of the total number of firms, 67.3 per cent of the number of employees, and 62.2 per cent of the gross receipts. Since the retail trade and selected services categories have few or no barriers to entry, have minimal capital requirements, and do not require highly skilled people, one can, therefore, at this point identify one characteristic of the minority enterpriser. He usually enters easy-to-enter businesses.

At this point also, different characteristics between the Negro businessman and the Spanish-speaking businessman become apparent. Table XI dealt with an analysis of all minority-owned firms with paid employees, while Table XII will concentrate on only the Black-owned firms with paid employees. Of the total 89,941 firms owned by minority group members, only 38,394 are owned by Negroes. Contract

TABLE XII

ANALYSIS BY INDUSTRY OF BLACK-OWNED  
FIRMS WITH PAID EMPLOYEES  
IN THE U. S.\*

Classification	Number of Firms	Per Cent of Total	Number of Employees	Per Cent of Total	Gross Receipts (\$1,000)	Per Cent of Total
All industries	38,304	100.0	151,996	100.0	3,653,363	100.0
Contract Construction	3,886	10.1	17,900	11.8	375,239	10.3
Manufacturing	1,566	4.1	12,306	8.1	292,448	8.0
Transportation and other Public Utilities	2,141	5.6	7,520	4.9	121,081	3.3
Wholesale Trade	742	1.9	5,601	3.7	368,711	10.1
Retail Trade	17,208	44.9	55,159	36.3	1,651,899	45.2
Finance, Insurance, and Real Estate	1,390	3.6	8,952	5.9	260,261	7.1
Selected Services	8,728	22.8	38,182	25.1	424,139	11.6
Other industries and not classified	2,643	6.9	6,376	4.2	159,585	4.4

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, 1971, pp. 144-145. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

construction is slightly higher proportionally than is the same category for all minority-owned firms. The all minority-owned firms have 9.1 per cent in contract construction, while the Negro-owned firms have 10.1 per cent of their firms in this category. Retail trade and selected services still retain their importance, however, with selected services accounting for a slightly higher percentage of number of employees in the all minority-owned firms.

There is also an interesting drop in the number of workers employed in retail trade. Where the general category of all minority-owned businesses shows 45.4 per cent of the people employed in retail trade, only 36.3 per cent of the total number of Black employees are employed in this category. This is opposed to a difference of 1.8 per cent in the total number of firms. Receipts are proportionally less for retail trade also.

Table XIII, which analyzes the firms owned by Spanish-speaking persons with paid employees, reveals some interesting differences between them and the Black-owned firms. For example, in the category of manufacturing, they have a larger absolute number of firms but fewer employees and more receipts. The Negro sector has about two and one-half times as many firms in the transportation and other public utilities category, while the Latin has nearly 50 per cent as many employees and over 50 per cent as much in gross receipts.



TABLE XIII

ANALYSIS BY INDUSTRY OF SPANISH SPEAKING-  
OWNED FIRMS WITH PAID EMPLOYEES  
IN THE U. S.\*

Classification	Number of Firms	Per Cent of Total	Number of Employees	Per Cent of Total	Gross Receipts (\$1,000)	Per Cent of Total
All industries	32,762	100.0	126,296	100.0	2,814,218	100.0
Contract Construction	3,270	10.0	11,886	9.4	244,406	8.7
Manufacturing	1,816	5.5	11,655	9.2	201,877	7.2
Transportation and other Public Utilities	872	2.7	3,275	2.6	79,153	2.8
Wholesale Trade	953	2.9	4,223	3.3	245,078	8.7
Retail Trade	16,315	49.8	61,991	49.1	1,485,081	52.8
Finance, Insurance, and Real Estate	1,114	3.4	2,399	1.9	80,279	2.9
Selected Services	6,828	20.8	26,927	21.3	368,418	13.1
Other industries and not classified	1,594	4.9	3,940	3.1	109,926	3.9

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, 1971, pp. 146-149. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

The study conducted by the Bureau of the Census in 1969 of minority-owned businesses identified three basic categories of minorities as Negro, Spanish-speaking, and other minority groups.<sup>6</sup> Table XIV is a comparison of number of firms and receipts for minority-owned firms in the United States with and without paid employees. Of the 322,000 total number for firms, 163,000 were Negro, 100,000 were Spanish-speaking, and 59,000 were owned by other minority groups, which means that the Negro had 50.1 per cent, the Spanish-speaking community had 31.0 per cent, and other minority groups accounted for 18.3 per cent. The Negro accounted for only 42.0 per cent of the total receipts, the Spanish-speaking community accounted for 31.6 per cent of the receipts, very close to its share of the number of firms, but other minority groups received a proportionally larger part of the receipts at the expense of the Negro.

When evaluating the firms with paid employees in relation to all minority-owned firms, characteristic differences previously discussed demonstrate themselves again. Among the 322,000 minority-owned business firms, only 90,000 or 28.0 per cent have paid employees. Only 23.3 per cent of the Negro firms have paid employees, while 33.0 per cent of the Spanish-speaking and 32.2 per

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<sup>6</sup>Minority-Owned Businesses: 1969, p. 1.

TABLE XIV  
 COMPARISON OF NUMBER OF FIRMS AND RECEIPTS  
 FOR MINORITY-OWNED FIRMS IN THE U. S.  
 WITH AND WITHOUT PAID  
 EMPLOYEES\*

	Total	Per Cent of Total	Negro
All minority-owned firms			
Number (000)	322	100.0	163
Receipts (millions dollars)	10,639	100.0	4,474
Firms with paid employees			
Number (000)	90	28.0	38
Receipts (millions dollars)	8,934	84.0	3,653
Receipts per firm (millions dollars)	99	. . .	95
Firms with no paid employees			
Number (000)	232	72.0	125
Receipts (millions dollars)	1,705	16.0	821
Receipts per firm (millions dollars)	7	. . .	7

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, 1971, p. 1. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

TABLE XIV--Continued

Per Cent of Total	Spanish- Speaking	Per Cent of Total	Other Minorities	Per Cent of Total
50.1	100	31.0	59	18.3
42.0	3,360	31.6	2,805	26.4
23.3	33	33.0	19	32.3
81.6	2,814	83.8	2,467	88.0
. . . .	86	. . . .	131	. . . .
76.7	67	67.0	40	67.8
18.4	546	16.2	338	12.0
. . . .	8	. . . .	8	. . . .

cent of other minority groups have paid employees. The 28.0 per cent of the minority-owned firms which have paid employees account for 84.0 per cent of the gross receipts for the sector. High percentages over 80.0 per cent for each of the other groups indicate that the more successful firms are those with paid employees. On the other hand, firms with no paid employees accounted for 72.0 per cent of the total number of minority-owned business firms but only 16.0 per cent of the receipts. Seventy-six and seven-tenths per cent of the Negro firms were without paid employees, but these firms accounted for only 18.4 per cent of the receipts. Sixty-seven per cent of the Spanish-speaking community did not have any paid employees, and these firms accounted for only 16.2 per cent of the gross receipts for the Spanish-speaking community. Other minorities show 67.8 per cent having no employees, and these firms accounted for only 12.0 per cent of the gross receipts.

When the firms with paid employees are further evaluated, using data in Tables XI, XV, and XVI, the differences become even more impressive. In contract construction, for instance, 27.7 per cent of the firms have paid employees, but these firms account for 82.5 per cent of the total gross receipts for this industrial category. Probably the most strikingly different category is manufacturing.

TABLE XV

COMPARISON OF NUMBER OF MINORITY-OWNED FIRMS  
WITH PAID EMPLOYEES AND ALL MINORITY-  
OWNED FIRMS IN THE U. S.\*

Classification	All Minority- Owned Firms (Number)	Minority Firms With Paid Employees (Number)	Per Cent of Total
All industries total	321,958	89,941	27.9
Contract Construction	29,695	8,214	27.7
Manufacturing	8,016	4,888	51.0
Transportation and other Public Utilities	23,701	3,404	14.3
Wholesale Trade	5,479	2,281	41.6
Retail Trade	96,967	43,820	45.2
Finance, Insurance, and Real Estate	21,806	3,311	15.2
Selected Services	100,826	19,228	19.1
Other industries and not classified	35,468	5,595	15.8

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1,  
U. S. Government Printing Office, Washington, 1971, pp. 152-153.

Fifty-one per cent of the firms have paid employees; yet these firms account for 96.2 per cent of all receipts, and this is in the category which accounts for only a small percentage of the total number of firms.

Transportation and other public utilities is the category which has the smallest percentage of firms with paid employees. But this small percentage accounts for 65.8 per cent of the gross receipts. Finance, insurance, and real estate is another category where a small percentage of the firms employ persons. A total of 84.6 per cent of the gross receipts come from this 15.2 per cent of the firms, however. In retail trade 45.2 per cent of the firms employ people, but they account for 88.2 per cent of the sales.

The categories discussed here are selected, but there is one apparent element emerging from this analysis, and that is that the minority-owned firm that is not employing people is not a viable force in the business community.

Data in Table XVII again reflect the small-sized character of minority-owned businesses. Table XVII, an analysis of minority-owned firms having less than ten employees by industry classification, reveals that 83.5 per cent of all minority-owned industries fits such a category. Manufacturing with its 65.2 per cent holds the

TABLE XVI

COMPARISON OF GROSS RECEIPTS OF MINORITY-OWNED  
FIRMS WITH PAID EMPLOYEES AND ALL MINORITY-  
OWNED FIRMS IN THE U. S.\*

Classification	Receipts All Minority- Owned Firms (\$1,000)	Receipts Minority-Owned Firms With Paid Employees (\$1,000)	Per Cent of Total
All industries total	10,639,135	8,934,482	84.0
Contract Construction	946,718	781,490	82.5
Manufacturing	650,082	625,324	96.2
Transportation and other Public Utilities	394,566	259,454	65.8
Wholesale Trade	938,935	876,819	93.4
Retail Trade	5,178,357	4,568,704	88.2
Finance, Insurance, and Real Estate	539,298	456,284	84.6
Selected Services	1,464,146	993,946	67.9
Other industries and not classified	527,033	372,461	70.7

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, NIB-1, U. S. Government Printing Office, Washington, 1971, pp. 152-155.



lowest percentage while transportation is the highest of the identified categories with 92.4 per cent..

In a comparison of the Black-owned versus Spanish-speaking-owned groups, there is a notable difference. In every category the Black-owned businesses have a larger percentage of their firms with less than ten employees than do the Spanish firms, which fact again points up the difference in firm sizes between the Blacks and the Spanish.

Texas is one of the better locations in the United States for the minority businessman to own and operate a business. The 1970 census data showed that Texas had 5.8 per cent of the nation's total Negro and other races. Data from Table XVIII show that the participation by minority firms is greater than the proportion of the minority population. In 1969 Texas had 11.6 per cent of the total number of business firms in the United States, which accounted for 10.1 per cent of the gross receipts received by minority firms. It is also interesting to observe that the proportion remained fairly stable in regard to firms with paid employees. Table XVIII shows that Texas had a total of 10,282 firms with paid employees out of the total figure of 89,941 in the United States, which represented an 11.4 per cent of the total number. Previous tables have already shown that firms with paid employees generally are more successful than those without paid

TABLE XVII  
 ANALYSIS OF MINORITY-OWNED FIRMS HAVING LESS  
 THAN TEN EMPLOYEES, BY INDUSTRY  
 CLASSIFICATION IN THE  
 U. S.\*

Classification	All Minority-Owned	
	Total Number Firms	Percentage With Less Than Ten Employees
All industries	89,941	83.5
Contract Construction	8,214	81.3
Manufacturing	4,088	65.2
Transportation and other Public Utilities	3,404	92.4
Wholesale Trade	2,281	72.5
Retail Trade	43,820	83.9
Finance, Insurance, and Real Estate	3,311	84.3
Selected Services	19,228	83.8
Other industries and not classified	5,596	94.6

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, D. C., 1971, pp. 142-149. (Computations of percentages added. Percentages rounded to nearest tenth; therefore, totals may not add to 100.)

TABLE XVII--Continued

Black-Owned		Spanish-Speaking-Owned	
Total Number Firms	Percentage With Less Than Ten Employees	Total Number Firms	Percentage With Less Than Ten Employees
38,304	92.5	32,762	69.7
3,886	89.4	3,270	68.3
1,566	81.9	1,816	48.7
2,141	93.2	872	93.0
742	78.0	953	60.6
17,208	94.7	16,315	69.5
1,390	90.7	1,114	70.6
8,728	91.4	6,828	69.6
2,643	96.9	1,594	89.6

employees; so one can surmise that the business climate in Texas is more conducive to minority groups than it is in other areas of the nation and that those firms can generally be expected to be more successful than firms which are located elsewhere. Texas with 9 percent of the nation's total also accounts for a disproportionately large number of workers employed by minority firms. Also, these firms which utilize paid employees account for 877,200 dollars, or 9.8 per cent of the gross receipts of the nation, as compared to a total of over 8,934,000,000 dollars for the nation as a whole.

In firms which do not have paid employees, there is a similar situation in Texas as in the nation as a whole, with the exception that Texas still has a larger share of the firms in this minority category. Table XVIII shows that Texas has 8.6 per cent of the total number of firms in the nation without paid employees. The gross receipts compare closely with the total number of firms. The gross receipts represented 8.4 per cent of the national total, or over 202,000,000 dollars, as compared to more than 1,704,000,000 dollars in gross receipts for the nation. It is interesting to observe that the average receipts per firm are the same for firms in Texas and for the nation as a whole. The \$7,000 per year in average receipts per firm is readily identifiable as not being a

TABLE XVIII

A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS OF  
MINORITY-OWNED FIRMS IN THE UNITED STATES  
AND TEXAS\*

	United States Total	Texas Total	Texas As Per Cent of United States
All firms			
Firms (number)	321,958	37,284	11.6
Gross receipts (\$1,000)	10,639,135	1,079,629	10.1
With paid employees			
Firms (number)	89,941	10,282	11.4
Employees (number)	370,064	41,246	9.0
Gross receipts (\$1,000)	8,934,482	877,200	9.8
Average employees per firm (number)	4	4	
Average receipts per firm (\$1,000)	99	85	85.9
Without paid employees			
Firms (number)	232,017	27,002	8.6
Gross receipts (\$1,000)	1,704,653	202,429	8.4
Average receipts per firm (\$1,000)	7	7	100.0

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, p. 68. (Computations rounded to nearest 1/10 per cent.)

sufficient minimal level for a successful firm. On the other hand, if one compares the average receipts of firms with paid employees and without paid employees, striking differences are obvious in that the national average is \$99,000 per firm that employs non-family members but only \$7,000 for firms that do not. Texas' average is \$85,000 per firm for those firms that have employees and only \$7,000 for those firms that do not employ anyone other than family members.

In looking at Table XIX and comparing the number of firms and gross receipts of Black-owned firms in the United States and Texas, differences develop between the data for the Negro and for all minorities as a group. Table XIX shows that Texas accounts for only 7.8 per cent of the total number of firms in the United States. This is a total of 12,740 firms in the State of Texas, as compared to 163,073 firms for the nation as a whole. Texas has 6.2 per cent of the Negro population of the United States. The 7.8 per cent of the total number of firms is greater than the Negro population. The gross receipts are 6.4 per cent for the State of Texas, which is much more closely aligned with the proportion of the population. When speaking about gross receipts, one must remember that there are certain factors which would cause the gross receipts to vary more than the total number of firms.

TABLE XIX  
A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS OF  
BLACK-OWNED FIRMS IN THE UNITED STATES  
AND TEXAS\*

	United States Total	Texas Total	Texas As Per Cent of United States
All firms			
Firms (number)	163,073	12,740	7.8
Gross receipts (\$1,000)	4,474,191	288,010	6.4
With paid employees			
Firms (number)	38,304	2,764	7.2
Employees (number)	151,996	10,743	7.1
Gross receipts (\$1,000)	3,653,363	225,129	6.2
Average employees per firm (number)	4	4	100
Average receipts per firm (\$1,000)	95	81	85.3
Without paid employees			
Firms (number)	124,769	9,976	8.0
Gross receipts (\$1,000)	820,828	62,881	7.6
Average receipts per firm (\$1,000)	7	6	85.7

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, p. 69. (Computations rounded to nearest 1/10 per cent.)

These factors include union problems, geography, and climate.

When evaluated on the basis of firms with paid employees, Texas still holds up well in relation to the nation as a whole, having a total of 7.2 per cent of the firms. The number of employees, 7.1 per cent, corresponds closely to the total number of firms. Gross receipts again drop in this category as they did for all firms. The total of 6.2 per cent of the gross receipts of the nation is less than the 9.8 per cent for all minority groups. The average receipts per Black firm with paid employees are virtually the same as the state per cent for all minorities. The average receipts per firm for the minorities as a whole are \$4,000 per year on a national level. This is higher than the Black average. At the state level, there is a differential of \$4,000 per firm average receipts also. But Texas retains virtually the same proportion to the United States total in average firm receipts.

Texas has 8.0 per cent of the firms without paid employees, which is close to the 8.6 per cent for all minority groups, as reflected in Table XVIII. There is less disproportion between the percentage of number of firms and the percentage of gross receipts for Texas for firms without paid employees than for the firms with paid



employees. The average receipts for the firm without paid employees are less than both the average for all minority groups as a whole and for the national average as well, with only \$6,000 in average receipts per firm in Texas, as opposed to \$7,000 for the United States as a whole.

These incongruities between all minorities and Black-owned firms are in large part explained by data in Table XX. This table presents data on the number of firms and gross receipts of Spanish-speaking-owned firms in the United States and in Texas. Whereas Texas only has 7.8 per cent of the Black-owned firms in the United States, it has 21.8 per cent of the Spanish-owned firms. Gross receipts for the Negro business sector in Texas are only 6.4 per cent, but 19.8 per cent for the Spanish. The actual number of Spanish-owned firms in Texas in 1969 was 21,820 out of a total of 100,212 in the nation. On the other hand, Texas only had 12,740 Black-owned firms out of a total of 163,073. But as will be seen later, the Spanish-speaking businesses are not as well distributed throughout the state as are the Black-owned businesses. From Table XX, it is apparent that the Spanish firm with paid employees fares a little better than does its Black counterpart. The average receipts per firm for Spanish businesses with employees are 96.5 per cent of the national average. It is interesting to notice, however, that the national

TABLE XX

A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS OF  
OF SPANISH-SPEAKING-OWNED FIRMS IN THE UNITED STATES  
AND TEXAS\*

	United States Total	Texas Total	Texas As Per Cent of United States
All firms			
Firms (number)	100,212	21,820	21.8
Gross receipts (\$1,000)	3,360,436	666,128	19.8
With paid employees			
Firms (number)	32,762	6,550	20.0
Employees (number)	126,296	25,924	20.5
Gross receipts (\$1,000)	2,814,218	542,920	19.3
Average employees per firm (number)	4	4	. . .
Average receipts per firm (\$1,000)	86	83	96.5
Without paid employees			
Firms (number)	67,450	15,270	22.6
Gross receipts (\$1,000)	546,218	123,208	22.6
Average receipts per firm (\$1,000)	8	8	100.0

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, pp. 70, 72. (Computations rounded to nearest 1/10 per cent.)

average receipts per firm are less for the Spanish-owned business than it is for the Black-owned business. The Black-owned businesses have a national average of \$95,000, and the Spanish-speaking have an average of \$86,000 per firm. The Texas average is higher for the Spanish-owned industry than for the Black-owned, with \$83,000 for the Spanish-speaking and \$81,000 for the Black-owned businesses.

There is evidence to indicate in Table XX that the Spanish-owned firm without paid employees fares better in Texas than does the Black-owned business. Texas accounts for 22.6 per cent both in total number of firms and gross receipts for this category. The average receipts per firm for the United States are \$8,000, and the same is true for Texas. This is in comparison to a \$7,000 national average for the Black-owned business and \$6,000 for the Texas Black-owned business.

From the data in Tables XVIII, XIX, and XX, it can be concluded that Texas is a state which is conducive to the development of minority business, especially for the Spanish.

When the Dallas Standard Metropolitan Statistical Area is compared with the Texas total, some interesting statistics appear. The total number of all persons in the 1970 census shown as residing in the Dallas Standard

Metropolitan Statistical Area, according to figures published by the United States Census Bureau, is 1,543,680, which is 13.8 per cent of Texas' total population. The central city of Dallas has 626,146 non-Negro persons and a Negro population of 210,342 or 25.1 per cent of the population in the central city.

When analyzing the Dallas Standard Metropolitan Statistical Area as a per cent of Texas, one finds that 13.8 per cent of the total population of the State of Texas is in Dallas, while 17.8 per cent of the Negro population of the state resides in Dallas. But when the number of firms and gross receipts of all minority-owned firms in Texas and the Dallas Standard Metropolitan Statistical Area are evaluated, the proportion of minority-owned firms in Dallas is smaller than its percentage of the Texas population. This is true largely because of the heavy concentration of Spanish-owned businesses in the city of San Antonio, Texas, which has 4,117 of the 21,820 total firms in the state owned by Spanish-speaking people. This large concentration of Spanish-speaking businesses in San Antonio tends to slant the proportion of minority-owned businesses and population, as can be seen in part by the data in Tables XXI and XXIII. Table XXI shows that the per cent of all minority-owned firms is only 9.0 per cent, which is disproportionate to the minority population

TABLE XXI

A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS OF  
MINORITY-OWNED FIRMS IN TEXAS AND THE DALLAS STANDARD  
METROPOLITAN STATISTICAL AREA\*

	Total Texas	Dallas SMSA Total	Dallas SMSA As Per Cent of Texas
All firms			
Firms (number)	37,284	3,363	9.0
Gross receipts (\$1,000)	1,079,629	94,393	8.7
With paid employees			
Firms (number)	10,282	795	7.7
Employees (number)	41,246	3,465	8.4
Gross receipts (\$1,000)	877,200	77,598	8.8
Average employees per firm (number)	4	4	100.0
Average receipts per firm (\$1,000)	85	98	115.3
Without paid employees			
Firms (number)	27,002	2,568	9.5
Gross receipts (\$1,000)	202,429	16,795	8.3
Average receipts per firm (\$1,000)	7	7	100.0

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, pp. 88, 108. (Computations rounded to nearest 1/10 per cent.)

as given in Table VII. By looking at the average of all minority-owned firms as depicted in Table XXI, one sees that the number of firms with paid employees, 7.7 per cent, is smaller than the total number of firms. The average receipts per firm are substantially higher in the Dallas Standard Metropolitan Statistical Area than in the state as a whole, being only \$1,000 per year less than the national average or a total of 115.3 per cent above the Texas figure. The minority-owned firms without paid employees also rank closely with the Texas and the national average.

Table XXII, which is a comparison of the number of firms and gross receipts of Black-owned firms in Texas and the Dallas Standard Metropolitan Statistical Area, indicates a much closer correlation between the proportion of Black firms and the Texas total than was found in the all minority-owned firms. The Dallas Standard Metropolitan Statistical Area accounts for 16.3 per cent of the total Black-owned firms in the State of Texas. This is close to the per cent of the population. Additionally, gross receipts equal 19.2 per cent of the Texas total, which is noticeably larger than the proportion of the population. From this, it can be assumed that Negro businesses in Dallas can be nominally more successful than in other parts of Texas, if success is measured in terms of gross receipts.

TABLE XXII

A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS  
OF BLACK-OWNED FIRMS IN TEXAS AND THE DALLAS  
STANDARD METROPOLITAN STATISTICAL AREA\*

	Total Texas	Dallas SMSA Total	Dallas SMSA As Per Cent of Texas
All firms			
Firms (number)	12,740	2,080	16.3
Gross receipts (\$1,000)	288,010	55,175	19.2
With paid employees			
Firms (number)	2,764	465	16.8
Employees (number)	10,743	1,807	16.8
Gross receipts (\$1,000)	225,129	44,800	19.9
Average employees per firm (number)	4	4	100.0
Average receipts per firm (\$1,000)	81	96	118.5
Without paid employees			
Firms (number)	9,976	1,615	16.1
Gross receipts (\$1,000)	62,881	10,375	16.5
Average receipts per firm (\$1,000)	6	6	100.0

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, pp. 94, 109. (Computations rounded to nearest 1/10 per cent.)

For firms with paid employees and without paid employees, the proportion remains fairly stable. The average number of employees per firm is equal to the national average; average receipts per firm are about 18.5 per cent above the state average and \$1,000 per year above the United States average for firms with paid employees. For firms without paid employees, the Dallas Standard Metropolitan Statistical Area retains an equitable percentage of the total Texas firms, and the average receipts per firm are equal to the state average but \$1,000 per year less than the national average.

Table XXIII illustrates quite a difference between the representation of Spanish-speaking-owned business firms in the Dallas Standard Metropolitan Statistical Area and in Texas. Of the 21,820 firms in Texas, Dallas has only 983 or 4.5 per cent of the total number of firms and 4.4 per cent of the gross receipts. Dallas has an even smaller percentage of the Spanish-speaking-owned firms with paid employees; while Texas has 20.0 per cent of the national total, Dallas has only 3.7 per cent. According to Table XXIII, there are only 242 Spanish-speaking firms which have paid employees in the Dallas Standard Metropolitan Statistical Area. The average employees per firm runs 25 per cent greater than the state total and the national total also. The average receipts per firm



TABLE XXIII

A COMPARISON OF THE NUMBER OF FIRMS AND GROSS RECEIPTS OF  
SPANISH-SPEAKING-OWNED FIRMS IN TEXAS AND THE DALLAS  
STANDARD METROPOLITAN STATISTICAL AREA\*

	Total Texas	Dallas SMSA Total	Dallas SMSA As Per Cent of Texas
All firms			
Firms (number)	21,820	983	4.5
Gross receipts (\$1,000)	666,128	29,476	4.4
With paid employees			
Firms (number)	6,550	242	3.7
Employees (number)	25,924	1,121	4.3
Gross receipts (\$1,000)	542,920	24,496	4.5
Average employees per firm (number)	4	5	125.0
Average receipts per firm (\$1,000)	83	101	121.7
Without paid employees			
Firms (number)	15,270	741	4.9
Gross receipts (\$1,000)	123,208	4,980	4.0
Average receipts per firm (\$1,000)	8	7	87.5

\*Source: U. S. Bureau of the Census, Minority-Owned Businesses: 1969, MB-1, U. S. Government Printing Office, Washington, pp. 100, 110. (Computations rounded to nearest 1/10 per cent.)

are also larger for the state and national average. This is attributed to the successful Mexican food service organizations operating on a large corporate level in the Dallas area.

The Spanish-speaking firms without paid employees have lower average receipts per firm than either the state or national average.

## CHAPTER IV

### A COMPARISON OF WHITE, BLACK, AND LATIN AMERICAN SMALL BUSINESSMEN

#### Introduction

The director of this research project participated in a similar project previously, and many problems which might have been encountered in a study of this type were circumvented. A survey instrument and interviewing techniques were developed which helped in obtaining the best available quantitative data. Those data were then carefully monitored, using experienced subjective analysis. For the interviews in the White business community, a female accountant and a male senior business student, who had some twelve years experience in small business, were used. Two interviewers were used in the White business community because of difficulties encountered in securing interviews. The difficulty lay primarily in the lack of a desire on the part of the business owners to cooperate with any effort to investigate their business.

A woman sociologist was used to interview the Black business community because it was felt that the matriarchal structure of the Black family would work to advantage if

a Black woman were the interviewer. Also the perspective of the sociologist lent considerably to the interviews.

Because of the cultural role of the female in Latin American society, a male accountant, experienced in interviews with the Internal Revenue Service and the Federal Bureau of Investigation, was used in the Mexican community. He experienced the desired success in securing interviews and obtaining the required data.

The interviewers were thoroughly oriented in the use of the questionnaire and were coached in elicitation techniques in order to obtain data on those questions which were sensitive in nature. Information concerning the firm was to be determined from financial reports and other verifiable sources when possible. When estimates by the owners were made in the absence of accounting reports (this was quite often necessary, particularly in the Black business), the interviewers were to attempt to verify the information by subjective analysis of the individual and his business and then to enter their opinions on the questionnaire in conjunction with the answer given by the owner. Furthermore, some of the questions were supported by additional questions in the questionnaire. Conflicts in these related questions were explored and reconciled by the interviewer at the time of the interview. There were some evident cases, which will be discussed in

detail later, in which information was lacking or purposely distorted by the interviewee. These cases are easily identifiable, and the cause of the problem is discussed.

The treatment of the findings of this study is broken into five categories, which will be discussed in the following sequence: general characteristics, education, experience, business practices, and culture. Since the questions under each of these categories were not necessarily discussed in sequence on the survey instrument, the presentation of the findings will not take the same organization as the questionnaire. The survey instrument is attached as Appendix I.

#### General Characteristics

General characteristics of the small business and the small businessman were covered in questions 2, 3, 4, 5, 6, 7, 12, 13, 14, 15, 29, 45, 46, 47, 48, 49, and 50. Although in the strictest sense these topics could be discussed under some of the other areas, they have been treated here as general characteristics.

The first general characteristic is the age of the White, Black, and Latin American business manager. This information, given in Table XXIV reveals that the average age is virtually the same for all three groups, varying less than .7 of one year. However, when looking at the

TABLE XXIV  
 AGE COMPARISONS OF WHITE, BLACK, AND  
 LATIN BUSINESS MANAGERS

	White	Black	Latin
X	42.80	43.00	42.30
S	14.50	9.40	9.10
R	48.00	26.00	35.00
Val/*	3.31	2.76	3.85

\* $\frac{1}{Va} = \frac{R}{S}$  and is thus both an index of the "goodness" of the other measures and an absolute measure of the grouping tendency of the distribution, with an index of 0 being optimal.

standard deviation of the three groups, one finds that the White has 14.5, the Black 9.4 and the Latin 9.1. This indicates that in the Black and Latin categories there tends to be a concentration of Black business managers around the mean age of forty-three for the Black and 42.3 for the Latin. The White age group is spread out more as depicted by the range values for the three groups. The Whites have an age range of forty-eight years, the Blacks have twenty-six years and the Latin thirty-five years. The more peaked distribution in the Black and Latin groups would indicate the possible existence of some cultural factors which limit their entering private business at a

younger age. The coefficient of absolute variation indicates that the Black group is most closely depicted by the mean.

The next item of general characteristics is the type of firm. Without detailing the exact type of firm interviewed in each case, a discussion of the differences in the types of firms and the reasons for these is presented. A general array of Latin and White businesses was surveyed, including primarily those firm types one would usually encounter on a trip to a shopping center. The Latin is apparently not culturally locked into the type of business which he enters, with a few exceptions such as the Mexican restaurant. The success of the Mexican restaurant can, in fact, be ascribed to the demand for a culture-identified food. The success which this demand creates usually requires the development of better business practices, such as accounting procedures, which less successful Latin American firms never achieve.

On the other hand, the Negro is locked into certain kinds of business, having two types of cultural prohibitions. The first is that service-type function which the Whites do not want to provide for the Blacks. These businesses are mortuary, barber, and beauty. Also included in this category, but to a lesser degree, are some types of food service establishments. The Negro was long prohibited from eating

in the front of the restaurant with Whites, and as a result, Negro food service establishments catered to him. The Civil Rights Act has largely modified this prohibition, and this racial block has been eased.

The second type of block is that of deficient skills and capital. Usually, the Black who wants to become a businessman must engage in those enterprises most likely to fail. These types of firms are easy to enter and as easy to leave. In this work, however, an attempt was made to avoid those areas which were peculiarly restricted to the Blacks because experience in a previous study on minority capitalism indicated that little new data were uncovered on the nature of the minority businessman by repetitive interviewing of these very similar businesses in the culturally locked group. As a consequence, the sample was selected in an effort to compare firms in the Black community with like firms in the Latin and White business community to adhere as closely as possible to those types of firms most commonly found in the White and Latin business communities.

Question 4 on the survey instrument dealt with the type of business organization. The results of this question, shown in Table XXV, present the form of business organization of White, Black, and Latin American small businesses. In the White business community, 75 per cent of the managers



TABLE XXV  
 FORM OF BUSINESS ORGANIZATION OF WHITE, BLACK,  
 AND LATIN AMERICAN SMALL BUSINESSES

	White	Black	Latin American
Sole proprietorship	15	18	20
Partnership	1	1	0
Corporate	4	1	0

chose the sole proprietorship as their form of organization. One had a de facto partnership, and four (20 per cent) chose the corporate organization. Knowing what form of organization to choose is, of course, very important to the small business manager because of the liability, capital, and tax advantages of each form. The Black community chose the sole proprietorship also as its most popular form of business organization. A total of eighteen of the twenty Black firms chose this form, while one had a partnership and one had the corporate form. The corporate form was chosen by the most successful of the Black businesses in the survey. Latin Americans, on the other hand, chose the sole proprietorship exclusively. This points out a tendency for family-owned and -controlled type firms in the Latin group.

The next general characteristics question was that of sales of the firm for the past three years. This section

failed to produce the desired information. The Latins responded fairly well, but the Whites would not divulge the information, and the Blacks did not have it. The poor returns that were secured on this question indicated that the sales data were not in any way a meaningful indicator of anything. Food stores, for example, work on small margins and high volume. Other types of firms, such as some service organizations, had fairly low volume to total sales, but a very high percentage of the sales was profit. The sales by firm would have been meaningful only if a large enough sample of similar firms in the three ethnic groups had been taken in which similar things could be compared.

Question 6 related to the book value of the firms. Previous interviewing experience in minority businesses had indicated serious problems with the determination of book value of small businesses. Consequently, Question 6 was put in the questionnaire to explore the perception of the valuation of firm assets by the small businessman. The results were particularly interesting. In the Black business community virtually none of the firms had sufficient information to determine what the actual book value was. Therefore, understanding this in advance, the interviewers were coached on how to aid the business manager in making his own subjective evaluation of the firm's assets. In

virtually every case in the Black business community, the value of the firm was exaggerated. The average value of the firm's assets for Black businesses was \$250,000, whereas it was only \$46,000 for the White and \$52,000 for the Latin. The only valuation which has a high degree of reliability is that made by the White, and it is only nominally acceptable because of the relatively inferior quality of available records. Even though the Latins were more realistic in their valuations than the Blacks, inadequate records systems in this group also required that some subjective judgments be made.

The importance of this question lies in the revelation of the tendency of the minority small business manager to have an inaccurate records-keeping system and an exaggerated concept of the worth of his firm. With a system such as this, it is evident that the minority businessman could never hope to develop any ideas about the return on investment. Both of these items lead to the conclusion that many small business managers, and especially minority small business managers, have no way of knowing if they are making a profit.

A study of this type must of necessity deal with the firms which have been moderately successful. The unsuccessful firms have passed from the scene and disappeared. Therefore, it is difficult, if not impossible, to do a

study of this type on a group of firms which have ceased to exist. For those firms which do succeed in staying in business, the length of time in business reveals some characteristics of the firm. Table XXVI presents a frequency distribution of length of time in business in small businesses and presents some quantitative measures which may be used in comparing the White, Black, and Latin American small businesses. In the frequency distribution, it is notable that there is little consistency in the length of time in business. The Blacks have the largest number of businesses operating more than sixteen years. But the average length of time in business of all firms is fairly consistent, with the White small businessman being in business for a shorter period of time than the other groups. The Blacks have a larger standard deviation, which is accounted for by the larger values for firms in business for one year or less and over sixteen years. The range of time in business for the groups is quite high, with the Latins having the smallest range, of twenty-four years.

Table XXVII presents an analysis of variance of time in business of small businesses. Since the variance index is less than unity, there is greater variation within the groups than there is between the groups. It can, therefore, be concluded that the length of time in business is not

TABLE XXVI  
 LENGTH OF TIME IN BUSINESS OF SMALL  
 BUSINESSES

	White	Black	Latin American
Less than 2 years	2.0	5.0	0.0
2 to 4 years	5.0	2.0	4.0
5 to 7 years	3.0	4.0	4.0
8 to 10 years	3.0	2.0	2.0
11 to 13 years	5.0	1.0	3.0
14 to 16 years	0.0	0.0	2.0
Over 16 years	2.0	6.0	5.0
Mean	9.2	10.3	11.6
Standard Deviation	7.8	9.6	7.6
Range	33.0	30.0	24.0

significant among the three groups. As later data reveal, neither does there seem to be a correlation between length of time in business and degree of success.

The fact that the minority businessman has long had a capital deficit is borne out by the findings of the question relating to initial investment. Table XXVIII, which presents a comparison of initial investment of small businesses, shows that the average investment for the

TABLE XXVII  
ANALYSIS OF VARIANCE OF TIME IN BUSINESS OF  
SMALL BUSINESSES

Source of Variation	Sum of Deviations Squared	Degrees of Freedom	Variance*
Between groups	57.8	2	28.9
Within groups	4199.0	57	73.7

$$\frac{*28.9}{73.7} = .392.$$

Whites was \$12,000, \$4,850 for the Blacks, and \$4,000 for the Latin American. In the White and Black groups, one observation in each category was excluded from the computation of the average investment because each represented

TABLE XXVIII  
COMPARATIVE INITIAL INVESTMENT OF  
SMALL BUSINESSES

	Average Investment
White	\$12,000
Black	4,850
Latin American	4,100

approximately half of the total investment for the group. Only the average investment is presented in this table

because the mean is in fact the best measure, owing to a very low frequency of variation from the mean by the individual observations.

The sources of funds for initial investments are shown in Table XXIX and present an interesting contrast. The major categories of sources are listed, and then the White, Black, and Latin Americans using those sources are presented. The total will not necessarily equal the number of observations, because, as indicated in the table, some of these are combination loans. The Whites had a wide variety of sources, utilizing all sources except government-insured loans. It is also interesting that seven of the respondents refused to identify the sources of their funds. This reflected an underlying pattern of distrust which was found consistently in the White business sector. The Blacks had to rely primarily on savings for their source of funds, and only three loans were made under a government-insured program. Only three loans were made from conventional loan sources. On the other hand, three of them had been successful in securing government-insured loans for their initial investment funds. The Latin American relied exclusively on savings as his primary source for investment funds. Three were successful in getting conventional loans in addition to their personal savings. This question bears out the previously stated

TABLE XXIX  
SOURCES OF FUNDS FOR INITIAL INVESTMENT

	White	Black	Latin American
Savings	8	16	20
Supplier credit	3	1	. .
Conventional loans	4	3	3
Government-insured loans	0	3	. .
Combination loans	4	5	. .
Others	3	4	. .
Refused to divulge	7	. .	. .

idea that minority businessmen have difficulty in securing funds for entering business.

Sources of funds closely parallel familiarity with programs to promote small and/or minority business. Table XXX presents the degree of familiarity expressed with programs or agencies. In the White category, only four of the twenty respondents were familiar with programs to promote small and/or minority businesses, while in both the Black and Latin American groups fourteen were familiar and six were not familiar with these programs. The Small Business Administration was the one most familiar to the Whites and the Blacks, although a good job of communication



TABLE XXX  
FAMILIARITY WITH PROGRAMS TO PROMOTE  
SMALL/MINORITY BUSINESS

	White	Black	Latin American
Familiar?			
Yes	4	14	14
No	16	6	6
What programs or agencies?			
Small Business Administration	2	11	4 4
International Council on Business Organization	. .	2	7
Dallas Alliance for Minority Enterprise	. .	1	7
Other	2	3	8

had been done by International Council on Business Organization and Dallas Alliance for Minority Enterprise to the Latin American groups. This level of familiarity is higher than it was two years preceding this study, when a study was conducted by Brock, Jenkins, and Williams on this specific question in the Black business community.<sup>1</sup> This reflects a degree of effectiveness of efforts exerted

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<sup>1</sup>Horace Brock, Floyd Jenkins and Fred Williams, "A Profile of the Minority Businessman," North Texas State University, College of Business, Denton, Texas, October, 1970.

by the various agencies in the intervening two-year period of time. When the previous study was done two years ago, programs to promote minority businesses were just getting started; as a consequence, the level of familiarity of minority businessmen with these programs was, as would be expected, at a low level.

In order to learn about sources of funds for initial investment and familiarity with programs to promote minority capitalism, the businessmen were asked if they had ever used any programs, and, if they had not used them, why they had not tried to do so. Since the answers were basically subjective in nature, it is difficult to quantify or present the data in meaningful array. Answers in the aggregate by group, however, do present some interesting insight into the character of the three groups. First, most of the Whites said they had never needed any type of aid. One of the White businessmen indicated that he felt there would be too much involved in attempting to work through one of these agencies. This answer probably reflected only a nominal interest in obtaining such aid, since apparently he made no effort to find out what would really be involved. In summary, the Whites had been successful without the aid of a sponsored program.

The Blacks, on the other hand, presented a different pattern. Seven of those firms said they had no need for

the program, one said he had been unsuccessful in his attempts to get it, one was insufficiently informed to be able to attempt to get a loan through one of these programs, one believed that excessive bureaucratic procedures would be involved, and one was skeptical about anyone's being able to get a loan through these sources. Additionally, three gave undefined answers. Of the Black group, fourteen had not attempted to get loans through these sources, while six had.

The Latins presented a wider variety of answers than did the other two groups. The largest group, a total of eight, consisted of those who had no need for the loans. Other answers which had one or two respondents included the following: they did not want the expected control, they believed that there was prejudiced administration of the programs, they believed there was excessive bureaucratic procedures involved, there was lack of information on the programs, there was too much pride to ask for help, and they did not support the concept of help for the small businessman through government programs.

Another general characteristic explored in small businesses was the racial structure of the customers. In the interview, each businessman was asked to determine the percentage of White, Black, and Latin Americans he had as customers. Table XXXI, which presents the results of this

question, reveals that White businessmen had served 84.5 per cent White customers, 10.3 per cent Black, and 5.2 per cent Latin American. One would normally expect that the cross-section of customers served should basically be the same as that of the population structure in general. But as was pointed out earlier, in the Black community certain services have been rendered to Blacks only by the Black community. Thus other factors such as ethnic goods and services caused a maldistribution of these percentages. Table XXXI also reveals that the Black community served 11.6 per cent White, 87.6 per cent Black, and less than 1.0 per cent Latin American. Latin Americans, on the other hand, served nearly 50 per cent White, 8.2 per cent Black, and 42 per cent of their own racial composition. The influence of the ethnic goods and services factor was clearly discernible in this category.

TABLE XXXI  
RACIAL STRUCTURE OF SMALL BUSINESS CUSTOMERS

Businesses	White (Percentage)	Black (Percentage)	Latin American (Percentage)
White	84.5	10.3	5.2
Black	11.6	87.6	0.8
Latin American	49.8	8.2	42.0

In summarizing the data in this table, it can be seen that there is little commercial interaction between the Black businessman and the Latin American customer, but there is more business done between the Latin American businessman and the Black group. Additionally, it was found in the survey that the more successful businesses had a good White clientele except for those services in which the ethnic factor was involved.

In an effort to probe the general conceptualization ability of the small businessman, two questions, Questions 45 and 46 in the questionnaire, were asked. Question 45 inquired what the individual thought the most important problems were that faced small and minority businessmen. The pattern of answers was consistent only in that it reflected an inability to conceptualize. All of the answers were interpreted in the light of the respondent's own particular problems and his own experiences. As a consequence, the answers varied, with almost none of them being the same. Each individual identified his specific problem and tried to extend this into the whole area of small business problems. Many of the answers in all three racial groups were simply an expression of disgruntled feelings against competition, employees, and society at large. None of the answers to the questions grappled with any of the basic causal factors in society.

Question 46 was related to Question 45, since it asked the small businessman for his opinion as to how the problems should be solved. The answers given in response to this question were fairly consistent with the answers to Question 45. Most minorities thought problem solutions lay in better capital sources and improved skills.

Two questions concerning profit were asked for the firms. Question 47 asked what profit the firm made in each of the past three years, and Question 48 inquired as to whether this profit included what was paid in salaries to the owner and family members. Since this was a sensitive question, the answers were less revealing than was desirable. In short, the Whites would not divulge the amount of their profit. Only five out of the twenty respondents gave even partial answers to Question 47. The Blacks did not have the information, with only three respondents having even a vague idea of what their actual profit had been in the preceding three years. All except one Latin American, on the other hand, gave answers to Question 47, including fairly good approximate values of what their profits had been. From the answers given to this question by the Latins, it appears they also had a good idea of what profit was. In their answer to Question 48, all twenty of them responded indicating whether the profits they reported included salaries and wages paid to themselves and family members.

This is a positive reflection of the ability of the Latin American small businessman. The profits reported were fairly modest but encouraging.

Table XXXII gives the results of the question asked concerning average number of hours worked weekly by the small businessmen. The White businessmen worked an average of 49.9 hours, the Black had an average work week of 56.5 hours, and the Latin American worked 55.8 hours per week. The data were adjusted for part-time workers and for extremely high non-verified hours.

TABLE XXXII  
AVERAGE HOURS WORKED WEEKLY  
BY SMALL BUSINESSMEN

Business	Average Hours Worked Weekly
White	49.9
Black	56.5
Latin	55.8

The last question dealing with the general characteristics of the small and the minority businessmen was related to advertising programs. Table XXXIII presents this data. It can be seen that generally the Whites tended to advertise less than did the Blacks and Latins.

TABLE XXXIII  
 ADVERTISING MEDIA USED BY SMALL  
 BUSINESSMEN

	White	Black	Latin American
Radio and television	3	10	8
Newspaper and magazines	6	7	10
Telephone--yellow pages	0	0	2
Other media	7	7	0
Combinations of media	4	7	7

Only three of the White respondents advertised by radio, and only four had combination media programs. On the other hand, the Black group included ten advertising by radio, as well as seven in the newspapers and magazines, while the Latin Americans had eight using radio and ten using newspapers and magazines. Both the Black and the Latin American groups had seven respondents with combination media programs. From this it can be surmised that probably the Blacks and Latin Americans were attempting to reach certain ethnic groups through their advertising programs. A further question could be raised as to the effectiveness of these programs.



## Education

A paradoxical situation occurred in the investigation of the educational attainment of the participant firms. Table XXXIV shows that the Whites had an average of 11.8 years of education completed, the Blacks had 14.25 years, and the Latin Americans had 11.5 years. The ranges were rather extreme for the White and Latin American, with a range of thirteen years in both cases. The Blacks showed a range of seven years; and, as a result, the standard deviation for the Blacks was substantially smaller than for either the Whites or Latin Americans.

TABLE XXXIV  
YEARS OF EDUCATION COMPLETED BY WHITE,  
BLACK, AND LATIN AMERICANS

	White	Black	Latin American
Average number of years completed	11.80	14.25	11.50
Standard deviation	1.31	0.92	1.89
Range	13.00	7.00	13.00

The paradox in this table stems from the fact there appears to be something wrong with the answers provided by the Blacks. The same thing occurred in the preceding

study, entitled A Profile of the Minority Businessman.<sup>2</sup> In that paper, it was also found that there was a degree of inconsistency in the answers provided. The inconsistencies seemed to arise from a variety of sources. Gentle probing to determine dates and places where the respondents attended school often turned into embarrassing circumstances for the business owner and confirmed the fact that some of the answers concerning number of years of education would not bear close scrutiny. Of course, quality of education as well as number of years, is an important factor and could contribute to some of the judgments made on this question.

There seems to be more consistency in the answers provided by the Whites and Latin Americans than by the Blacks. For example, there was a wide range of educational levels admitted by the Whites and Latin Americans. The Latin Americans reported two who completed sixteen years, or bachelor's degree. On the other hand, six of the respondents indicated that they did not complete high school, with attainment levels not exceeding three years in two cases and five years in a third case. High school was the most commonly given grade attained by the Whites, with some of these admitting fourth and eighth-grade educational levels. On the other hand, no Black admitted an educational level less than eleven years, while two reported eighteen years.

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<sup>2</sup>Brock, Jenkins and Williams, October, 1970.

In addition to regular academic training, the special courses that the small business manager may have taken were investigated. Questions 31 and 32 on the questionnaire dealt with this subject, and the findings are revealed in Table XXXV. More of the Blacks had attended these special training courses than had either the Whites or the Latin Americans. Thirteen Blacks had attended courses, while seven had not. The Latin Americans had the smallest number attending these special classes, with five attending and fifteen not attending, as opposed to six attending in the White category and fourteen not attending.

TABLE XXXV  
SMALL BUSINESS OWNERS WHO HAD ATTENDED SPECIAL  
COURSES ON BUSINESS MANAGEMENT

	Had Attended	Had Not Attended
White	6	14
Black	13	7
Latin American	5	15

In the interview, if the respondent indicated that he had been to one of these special training courses, he was requested to give the name of the type of program in which he studied. These programs included Small Business

Administration seminars, Bishop College programs, and a variety of business-related programs such as company-sponsored ones. There was no consistency in the programs. Of the few who had attended programs in the Latin American group, the Small Business Administration clinics were the most popular. None of the Whites indicated that they had been to Small Business Administration clinics or seminars. In fact, there was no consistent source of programs for the White group. Table XXXVI, however, revealed that most small business managers would attend special courses in small business management if given an opportunity. The result of the answers to these questions on education indicate an eagerness on the part of the Black to expand his education, specifically in the area of business management because he must feel that he can translate this type of training into economic results.

TABLE XXXVI

SMALL BUSINESS MANAGERS WHO INDICATED THEY WOULD  
ATTEND SPECIAL COURSES IN SMALL BUSINESS  
MANAGEMENT IF GIVEN THE OPPORTUNITY

	Would Attend	Would Not Attend
White <u>1</u> /*	12	7
Black	15	5
Latin American	16	4

\*1/--One was undecided.

### Experience

One of the most surprising and interesting findings of this study was the amount of experience that the small business owners had obtained in the same type business before entering it. One often thinks of the small business manager as going into a firm without previous experience in that line of work, but the findings of the study indicated that between 65 and 75 per cent of the three groups had previous experience in the same type of business. Of the twenty respondents, the White category had fourteen, the Black fifteen, and the Latin American thirteen owners who had previous experience, as indicated from data in Table XXXVII. There was not a wide deviation among the groups in the type of jobs held in the previous firms. The positions previously held ranged all the way from clerks to vice presidents. Sales, middle management, and production positions supply the largest category of jobs for all three groups. In view of the findings on business practices, it is doubtful if the previous experience in firms of the same type gave much of an opportunity to learn the entire business, since the questions concerning business practices indicate some substantial deficiencies in the knowledge necessary to operate a business properly. However, the previous experience was undoubtedly useful.

TABLE XXXVII  
SMALL BUSINESS MANAGERS WITH PREVIOUS EXPERIENCE  
IN THE SAME TYPE OF BUSINESS

	Previous Experience	No Previous Experience
White	14	6
Black	15	5
Latin American	13	7

Those respondents who replied that they had no previous experience in the same type of business were asked about the source of experience on which they relied. Most of them indicated that they relied on no previous experience but simply had the self-confidence necessary to attempt such an undertaking. A few had chosen the business simply as an avocation, some had been in a responsible position in another type of business, and some had made a fairly extensive investigation of the business in order to determine its potential.

#### Business Practices

Table XXXVIII presents a tabulation of data reflecting the employment practices of small business managers. The characteristics of the different groups in this set of data include a lower employment level of full-time employees,

TABLE XXXVIII  
EMPLOYMENT PRACTICES OF SMALL BUSINESS  
MANAGERS\*

	White	Black	Latin American
Average number of full-time employees (not including family members)	3.10	3.80	3.65
Average number of part-time employees (not including family members)	.90	1.35	1.75
Number of full-time family employees	1.20	.55	.80
Number of part-time family employees	.55	.10	.50

\*The owner is excluded from the computations.

excluding family members by the White group. Also, the White group employed fewer part-time employees outside of their family but employed a larger number of full-time family employees in their businesses, as opposed to the Black and Latin American groups. Employment of part-time family employees was low in all groups. Additionally, the Latin American group employed a large number of part-time non-family members as did the Black firms.

These differences in employment practices can be accounted for by a variety of reasons. One of the most

apparent is the fact that there are many different types of businesses represented in the study; and, as a result, their employment requirements are different. This is one area in which a group of identical businesses in the White, Black, and Latin American groups would be required to analyze properly the differences in employment practices. It is, therefore, recognized that the differences in the employment practices of these groups can be more readily attributed to the differences in types of business, both within and between the groups, than to some ethnic characteristic.

All three groups run into approximately the same problems with their hiring of employees other than family members. A total of ten firms in White and Black groups indicated that they had little or no difficulty in finding qualified personnel to work for them, as compared to a total of eight firms in the Latin American group. Additionally, one firm refused to reveal his employee problems in the White group. In other words, approximately half of the firms encounter difficulties in securing the people they need to work for them. When quizzed concerning why they thought they were having difficulties in finding the necessary people, there was a wide range of answers. But most employers mentioned integrity and dependability by the potential employee as the most desirable character



traits required. According to data from this survey, there do not appear to be any substantial differences in the problems encountered by any of the groups in the area of securing proper employees.

In response to the question concerning the percentage of employees that must be replaced each year, there was a wide range of answers. The average of all the groups was close, ranging from 12 per cent for the Whites to 13.5 per cent for the Blacks and 16.5 per cent for the Latin Americans. The average is deceptive in these distributions because of the wide range within the groups. For example, in the Black group of businessmen, turnover rates were as high as 100 per cent, and some were at 50 per cent. This, however, is contrasted with a report of thirteen of the firms that they did not have personnel turnover. This, of course, may be caused in large part by the nature of the businesses which employ large family members.

The reasons why people leave their jobs are quite varied. Better positions, bad performance, and other similar reasons which are common not only to the small businesses but large businesses as well were cited.

Much more information is revealed in the question concerning attempts by the firm owners to secure bank financing for operating expenses. Table XXXIX presents data from this set of questions. Some race-related problems

TABLE XXXIX  
FINANCING OF OPERATING EXPENSES OF SMALL  
BUSINESSMEN

	White	Black	Latin American
Number who tried to get loans for operation	9	8	10
Number who had not tried to secure a loan	9	12	9
Number who were successful in obtaining loans	9	2	8
Refused to reveal	2	0	1
Loan not needed	9	11	5

are reflected in this table. First, there is a fairly standard group of firms which had tried to get loans for operation. The Whites had nine, the Blacks had eight, and the Latin Americans had a total of ten. At this point, one should drop down the table and notice that two Whites and one Latin American refused to reveal information on this subject. Then one might further observe that nine Whites, twelve Blacks, and nine Latin Americans had never attempted to secure a loan. But the table also reveals that all of the Whites who had not tried to secure a loan had not needed it. On the other hand, eleven of the Blacks had not thought they needed the loan, and one made the

statement that he simply just did not try, a very revealing statement in itself. In the Latin American groups, only five of the nine who had not attempted to secure a loan had not needed it. Other reasons were given, including bad credit records, for not having attempted to secure the loan.

Of the nine Whites who had attempted to get a loan, all nine were successful in securing the funds. Only two out of the eight Blacks, however, were successful in securing their loan. And only eight of the ten Latin Americans were successful. At this point, it appears that this problem is definitely racially related. The results of 25 per cent successful efforts on the part of the small Negro businessmen to secure funds for operating expenses would indicate such a problem. However, when one explores the question further and investigates business practices, he finds that the strength of the company, managerial ability, and other factors indicate that the banks probably thought these men were poor business risks. The color of their skin may have had less to do with it than sometimes might be thought. One thing is certain, however, and that is that regardless of why the small businessman is unable to secure a loan, the end result is the same. He is unable to develop as a viable businessman unless he has access to bank credit.

Another important source of credit comes from suppliers. Table XL reflects the experiences of the study group in

regularly securing credit from their suppliers. Whites had sixteen out of the twenty respondents regularly securing this credit, with three not doing so and only one doing so infrequently. Blacks had twelve securing credit regularly with eight not securing it. All of the twenty Latin American firms secured credit regularly from their suppliers.

TABLE XL  
CREDIT REGULARLY SECURED FROM SUPPLIER

	Yes	No	Infrequently
White	16	3	1
Black	12	8	0
Latin American	20	0	0

It should be noted that not all firms either need or can secure credit from their suppliers. Some of the following experiences were encountered: If the respondent answered the question "no," he was asked why he did not get credit from his suppliers. The range of answers in the Black group was quite varied, but they generally reflected the same problems experienced with the banks--an absence of sufficient knowledge to properly execute a loan from either source.

The pattern of membership in organizations varies quite widely between the groups as indicated in Table XLI. The most successful White business groups were the greatest joiners. A total of fourteen Whites belonged to the Chamber of Commerce, one to a service club, and nine to industry associations. The Blacks had a total of eleven belonging to the Chamber of Commerce, but this was largely membership in the Negro Chamber of Commerce. Similarly, the Latin Americans gave their Chamber of Commerce memberships to the Mexican Chamber of Commerce. The benefits of Chamber of Commerce membership vary quite widely between the White, Black, and Latin American organizations. This is a significant point, as is the fact that the Whites were more prone to join industry associations. Since industry associations provide services to the members to help them keep abreast of the developments in the field, the Black and Latin American groups can be expected to have some deficiencies of knowledge about their business. Additionally, benefits of interaction and word of mouth advertising are reduced by the limited membership organization that is seen in the Black and Latin American groups.

Closely related to the membership question are publications. Nine Whites, nine Latin Americans, and five Blacks indicated that they did not subscribe to any industry publications. This reflects a deficiency on the part of all

TABLE XLI  
MEMBERSHIP IN ORGANIZATIONS\*

	White	Black	Latin American
Chamber of Commerce	14	11	8
Service clubs (Kiwanis, Lions, Rotary, etc.)	1	0	4
Industry associations	9	3	0
Ethnic service organizations	0	0	1
Other	0	0	3

\*Includes multiple memberships by the same firm.

groups, since there are usually one or more publications for almost every type of business.

One of the most important differences between the White, Black, and Latin American groups is found in answer to the question concerning the firm's accounting system. The business owner was asked if he produced or if he had a certified public accountant produce for his firm a monthly or quarterly statement of the operations of the firm indicating whether the firm was making a profit. Half of the Black respondents indicated that they did not have any such accounting statement, five of the Latin Americans, and only one of the Whites. When one realizes that the

firms did not have any way of knowing whether they were making a profit, it is easier to understand their difficulties with the banks which would not lend them operating funds. Additionally, it also reflects something of the nature of some of their other problems, since the most important rule in proper management of a firm is to establish an accounting system so that one can know what is happening in the firm. Rudimentary knowledge of management skills seems to be lacking in a large portion of the minority groups. Lack of knowledge of basic business management practices is an area where attention must be directed before effective, viable minority business can be developed. The problem is much more involved than the simple problem of acquiring capital for the operation of the firm.

In response to the question concerning whether they had ever had a management consultant employed to help them with any management problems, the Whites responded with seventeen out of twenty negative answers. The Blacks had the same number, and the Latin Americans had a total of eighteen negative responses. The high percentage of firms which had never had a consultant employed is not necessarily unusual. The use of any special consultants would, however, reflect some degree of sophistication in business management practices and exhibit a greater ability to handle the problems of business management.

Related to the preceding question was one which asked if the accountant employed by the firm ever provided any advice about expense control or other management practices. The negative answers to this question were fewer. The Whites and the Latin Americans answered with thirteen negative answers and the Blacks had nine. The responses to these two questions suggest that small businessmen do not have a highly developed idea of business management problems, and this suspicion is confirmed by the answers to the question which asked specifically what the major problems were that the firm faced. There was a wide range of answers which, from an analysis of the business firm, tended totally to miss the point. In other words, the answers that the business managers gave when asked about their major problems were not the same one would expect from a professional manager who analyzed the company.

#### Culture

Since one's father often has a motivating effect on the individual, the business owner was asked if his father was in that same type of business. The Whites replied negatively in seventeen cases, the Blacks in nineteen cases, and eighteen cases in the Latin American group. Second, the group was asked if their father was in any type of business or profession, since this could be related to decisions by individuals to become business managers. In



answer to this question, negative answers were received from the White group, fourteen from the Black, and ten from the Latin American groups. From these responses, it is obvious that the occupation of the father could have made a positive contribution to the decision of the minority businessman to enter business in only a minimal number of cases.

In exploring further his motivations, each individual was asked why he entered the type of business that he was in. The predominant reason given was an expectation of an improved opportunity, including independence and increased income. Family influence was a factor in some cases, very much in line with the answers to the question about the occupation of the father. The answers were thus well in line with the general concept of motivations for an entrepreneur.

In exploring the degree of satisfaction of the businessmen, there was a close consistency in the answers. When asked if he were to enter business again, would he choose the same type of business, sixteen of the twenty respondents in the White category, sixteen Blacks, and fifteen Latin Americans answered in the affirmative. When asked if they had been basically satisfied with what had transpired in their careers as businessmen, sixteen Whites, seventeen Blacks, and seventeen Latin Americans indicated

that they were satisfied. This indicates that, in spite of the deficiencies discovered through this research and with the many problems they have encountered, the life of a small businessman seems to be rewarding.

## CHAPTER V

### SUMMARY, RECOMMENDATIONS, AND COMMENTS

#### Summary

Minority group members have not participated as fully in the benefits of advanced economic society as have members of the majority, especially in the area of small business ownership. There has been an increased interest in the past twenty years in the political, social, and economic participation of minority groups in society. This increased interest by society has given birth to a variety of programs, both public and private, which are designed to alleviate the various problems of minority groups.

This study has directed its attention to one specific area of interest. It has attempted to be a definitional study concerned with the entrepreneurial participation of Negroes and Latin Americans in economic society. This facet of the social system is highly interrelated to all other cultural and social aspects of life and is considered to be a crucial area for effective action.

Minorities constitute approximately 17 per cent of the United States' population, but they only account for approximately 4 per cent of the total number of businesses

in the United States, most of which are small businesses. Receipts of these businesses, totaling 10.6 billion dollars, account for only 0.7 per cent of the receipts reported by all firms. Although these statistics do not reveal the entire situation, they are sufficient to indicate the wide disparities which exist between minority and majority business sectors.

When the minority businessman is successful in entering business, he must be satisfied with those types of business where entry is easy and managerial and capital requirements are minimal. They are most commonly found in retail and service establishments, but participation in finance, insurance, manufacturing, and other similar types of businesses where capital requirements and managerial abilities are greater is severely limited.

The cross-racial study of small business managers conducted in Dallas, Texas, reflects a variety of disparities between the White majority and Black and Spanish-speaking minority-owned businesses. The minority business owner had a different education from his White counterpart and seemed more interested in pursuing special courses that might be made available to him to help improve his skills as a business manager. The entire study group had a high previous experience rate in the same type of business they later owned. The experiences differed, however, as the

range was all the way from production line worker to vice-president. The value of the experience gained before entering business was skewed in the favor of the White businessman.

As the subject of business practices was explored, it was found that experience and training had been insufficient. Minority business owners, and more particularly the Black business owners, failed to follow basic rudiments of good business management, including accounting practices and credit management. Only a few of the more sophisticated, larger firms had a fairly adequate record system. A defeatist attitude, lack of knowledge about credit procedures, and improper records contributed to or prohibited the minority businessman from utilizing credit effectively in his firm.

White small businessmen are more successful than Black small businessmen, with Latin Americans experiencing more success than Blacks, but less than Whites. Business acumen is more common in Whites than in the other two groups, as reflected in most indicators of quality of business management treated in the study. These indicators included knowledge about accounting systems, credit use, capital management, and marketing.

White, Black, and Latin American small businessmen vary significantly in education, experience, and business

practices. The only similarity is that all seem to be fairly well satisfied with their roles as small business owners. They like the life of the entrepreneur, although all their expectations have not been fulfilled.

The small businessman does not consciously try to develop the proper background which would aid in his becoming successful as a small businessman. Results of the study indicated that little effort is expended to acquire the knowledge and skills necessary to prepare for a career as an entrepreneur. Entry into any particular business is usually a case of happenstance, and the owner is usually not knowledgeable in what is needed to be successful in that particular type of business. Any success at all must be attributed to luck.

#### Recommendations

It is recommended that further work be done on the differences and similarities of White, Black, and Latin American small businessmen. This work, which is definitive in nature, has defined several areas where additional research and study can be productive.

Educational differences of the three groups need more work. This study attempted to determine education differences in terms of number of years completed. This effort was not entirely successful due to the quality of answers received from one group. Additionally, nothing was done on the question of quality of education.

In the area of experience, more work needs to be done on the question of opportunity for small businessmen, especially minorities, to obtain the requisite experiences needed to become an entrepreneur. How valuable is previous experience? Is there some way that experiences can be structured under artificial or actual conditions to condition the entrepreneur for proper response? These are questions that need to be treated with additional work in the area of experience.

#### Comments

Some subjective comments on this study, in addition to the objective analysis just concluded, are in order. There were some items which were revealed in the work which may be of value for those who may wish to pursue the subject for further work.

The first item concerns the differences with which the interviewees received the questions asked, and even the interviewers themselves (cross-racially). In the Black segment, a Black woman sociologist, young and attractive, was utilized as interviewer. On some questions there appeared a reluctance by the men being questioned to reveal accurate information, particularly on the question relating to education. The Blacks exaggerated the number of years of education they had attained. This is interpreted as being affectation, probably culture-related, since the same

thing did not occur with the Whites under almost identical circumstances. This must be taken into consideration when Black educational levels are evaluated.

The second item relates to cross-racial comparability. The problem was encountered when a question was found to mean different things to different racial groups. These questions had to do with various quantitative aspects of the study. When asked what the value of the business was, for example, the White businessman was generally more conservative than the other two groups, his valuation being more responsive to the quantitative data one should consider when making such a judgment. The Latins had less difficulty than the Blacks but more than the Whites. The Blacks seemed, almost without failure, to value their firms much more highly than would be indicated by assets. This denotes a perilous element in the proper conduct of a business. It was necessary for the interviewers to work with almost all the Blacks in determining a realistic valuation of their firms. Fortunately, the problem was encountered in the previous experience mentioned, and the results were more useful than they would have been had the problem gone undetected.

The third area of interest was one which again is closely related to comparability. The failure rate among Blacks is higher than it is in the other two groups. The



Blacks who are in business are only marginally so, and the multitude of failures which this segment experiences points up the fragile position of the Black businessman. In effect, it is difficult, if not impossible, to get complete comparability cross-racially because of an inability to study failures. Research on the subject indicated that no success had ever been achieved in the study of failures other than those where bankrupt proceedings were involved. Such cases involve only an unknown, small portion of failures.

The fourth area where a great degree of subjectivity was involved was the area of culture contribution to the success of the firm. It is the subjective opinion of the director of the study that the cultural differences among the races was the greatest contributor to the success or failure of the business firm. The term "culture" itself is sufficient to create problems. But, when one tries to isolate data which can be analyzed to test the culture hypothesis, more difficulties arise. The cultural factor is in reality based on subtleties that expose themselves to one who has gathered experience in the field. They do not lend themselves well to expression without contradiction. Thus, the opinion remains simply the opinion of the author.

APPENDIX I

SMALL BUSINESS MANAGEMENT

Data Form

Interviewer \_\_\_\_\_

Date \_\_\_\_\_

1. Name and address of firm \_\_\_\_\_  
\_\_\_\_\_
2. Name and age of person interviewed \_\_\_\_\_  
\_\_\_\_\_
3. Type of firm \_\_\_\_\_
4. Type of ownership
  - a. Sole proprietorship \_\_\_\_\_
  - b. Partnership \_\_\_\_\_ No. partners \_\_\_\_\_
  - c. Corporation \_\_\_\_\_ No. stockholders \_\_\_\_\_
5. Sales of firm for three most recent fiscal years \_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_.
6. Estimated book value of firm a. \_\_\_\_\_  
b. \_\_\_\_\_ (Notes) \_\_\_\_\_  
\_\_\_\_\_
7. How long in this business? \_\_\_\_\_
8. How many full-time employees (not including family members)? \_\_\_\_\_

9. How many part-time employees (not including family members)? \_\_\_\_\_
10. How many full-time family employees? \_\_\_\_\_
11. How many part-time family employees? \_\_\_\_\_
12. How much was the initial investment in the business?  
\_\_\_\_\_
13. What were the sources of capital? (Provide detail of loan sources and amounts.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
14. Are you familiar with programs designed to promote small minority businesses? \_\_\_\_\_ If yes, what programs? (detail) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
15. Have you ever used one of the programs? \_\_\_\_\_  
Why not? \_\_\_\_\_  
\_\_\_\_\_
16. Have you ever tried to get a loan from a bank for operating expenses? \_\_\_\_\_
17. If above question is yes, when, how much, and has it been repaid? \_\_\_\_\_
18. If answer to number 16 is "no," "why haven't you tried?"  
\_\_\_\_\_
19. Do you regularly obtain credit from your suppliers?  
\_\_\_\_\_

20. If question 19 is "no," "why don't you get credit from your suppliers?" \_\_\_\_\_
- \_\_\_\_\_
21. Do you have problems finding qualified personnel to work? \_\_\_\_\_
22. If question 21 is "Yes," "What is the problem with your finding qualified personnel?" \_\_\_\_\_
- \_\_\_\_\_
23. What per cent of your employees must you replace each year? \_\_\_\_\_
24. For what reason do most of your employees leave? \_\_\_\_\_
- \_\_\_\_\_
25. Are you a member of any of the following organizations?  
\_\_\_\_\_ Chamber of Commerce  
\_\_\_\_\_ Kiwanis, Lions, Rotary or other similar  
service organizations?  
\_\_\_\_\_ Industry association such as Retail Merchants,  
etc.
26. To what business publications do you subscribe \_\_\_\_\_
- \_\_\_\_\_
27. Do you produce for yourself or does a CPA produce for you a monthly/quarterly statement of the operations of your firm indicating whether your firm is making a profit? \_\_\_\_\_

28. Do you have a full-time accountant? \_\_\_\_\_  
Part-time? \_\_\_\_\_
29. What per cent of your customers are White? \_\_\_\_\_  
Negro? \_\_\_\_\_ Latin American \_\_\_\_\_
30. How many years of education did you complete \_\_\_\_\_
31. Have you ever attended any special courses designed to help you manage a small business? \_\_\_\_\_  
If yes, when and what courses? \_\_\_\_\_  
\_\_\_\_\_
32. If such courses were made available to you locally, do you think it would be worth the trouble to attend \_\_\_\_\_
33. Have you ever had a management consultant employed to help you with any of your management problems? \_\_\_\_\_
34. Does your accountant ever provide any advice about expense control or other management practices? \_\_\_\_\_
35. Did you have any previous experience in this type of business before entering it? \_\_\_\_\_
36. If question 35 is "yes," "what was the highest position you held in the firm for which you worked?" \_\_\_\_\_
37. If question 35 is "no," "what, then, was the source of experience on which you relied for entering this business?" \_\_\_\_\_  
\_\_\_\_\_
38. Was your father in this type of business? (Yes - No)  
\_\_\_\_\_

39. If question 38 is "no," "was your father in any type of business or profession?" (Yes - No) \_\_\_\_\_
40. What did you do before entering this business \_\_\_\_\_  
\_\_\_\_\_
41. Why did you decide to enter this type of business \_\_\_\_\_  
\_\_\_\_\_
42. If you were to enter business again, would you choose this same type of business? \_\_\_\_\_
43. Have you been satisfied with what has transpired in your career as a businessman? \_\_\_\_\_ If "no," what has been your biggest disappointment? \_\_\_\_\_  
\_\_\_\_\_
44. What is the most difficult problem your firm faces?  
\_\_\_\_\_  
What do you think should be done to solve it? \_\_\_\_\_  
\_\_\_\_\_
45. What do you think are the most important problems that the small minority businessman faces? \_\_\_\_\_  
\_\_\_\_\_
46. What solution(s) do you recommend? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
47. What profit did your firm make in each of the past three years? \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

48. Does this profit include what you paid in salaries to yourself and family members? \_\_\_\_\_
49. How many hours per week do you spend at work? \_\_\_\_\_
50. Do you advertise? \_\_\_\_\_ If yes, in what media? \_\_\_\_\_
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