

Bureau of Business Research
Graduate School of Business Administration
University of Michigan

April 1972

BLACK BUSINESS: A REVIEW OF
PROBLEMS AND PROSPECTS

Working Paper No. 58

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ABSTRACT

This paper offers a brief review of the existing problems of black businessmen. It discusses some of the solutions which educational, business, and governmental institutions have implemented, and provides suggestions for aiding the successful development of the black economic community.

BACKGROUND

This paper is part of a larger program of research on entrepreneurship being conducted at the Bureau of Business Research, Graduate School of Business Administration, University of Michigan. Sponsored jointly by the Institute of Science and Technology and the Bureau of Business Research, it represents the results of a year's examination of the difficulties and deficiencies in Michigan's black economic community. The purpose of its presentation here is to offer encouragement and direction to all those of whatever color who are engaged in black economic development.

INTRODUCTION

Black economic development is the process whereby the total quantity and quality of resources available in and to the black community are increased in relation to the total resources of the white community. In order to achieve the objective of improved and increased resources, present and future businesses in the black community must be black owned and black controlled and the employment and well-being of black people must be increased. These desired objectives will be realized through a cause-and-effect relationship: As more resources are made available to the black community, black businesses will increase. More black businesses will, in turn, provide more jobs for residents of black communities. Therefore, by establishing new black-owned businesses and expanding those already existing, economic activity and opportunities can be favorably increased within the black community.

THE BLACK BUSINESSMAN: WHERE IS THE OPPORTUNITY?

The vast shortage of black-owned businesses and skilled black managers constitutes a major social and economic problem in the United States today. As in the past, black businesses have been concentrated mainly in the service and retail areas and have been limited to the black neighborhood. A 1969 study

conducted by the Small Business Administration revealed that the "'typical' minority-owned business is a one-man personal service or retail shop in the central city."^{1/} The results were similar in a survey conducted among the Negro-owned and -operated businesses in Washington, D.C.--of the total 2,062 black-owned businesses, 1,249 (60.5 per cent) were service oriented (Table 1). In Michigan, retail and service-oriented businesses account for 80.2 per cent of all black business in the state (Table 2). With virtually everything around him changing, the black businessman's activities remain essentially the same as in the past.

Because of the nature of these service businesses (beauty and barber shops, grocery stores, dry cleaners), there has never been a great need for the owners to acquire sophisticated business skills and techniques. Nor have these service-oriented businesses provided the owners a margin of profit large enough to accumulate new capital. Therefore, they inhibit the development of the skills necessary for successful competition outside of the black community.^{2/}

Another problem faced by the black business owner is that his business is located in a segregated neighborhood. In earlier years, because of this segregation, the Negro community did not have "access to the market for many

^{1/} Whitney M. Young, Jr., "The Split-level Challenge," Saturday Review, Aug. 23, 1969, p. 22.

^{2/} For further discussion of the concentration of black businesses in service-oriented areas, see Alfred Leo Morris, "The Problem of Risk Capital in Ghetto Areas," Black Business Digest, May 1971, p. 42.

TABLE 1

Distribution of Negro-Owned and -Operated Businesses in
Washington, D. C., 1967

Type	Number	Percentage
Services*	1,249	60.5
Retail†	473	22.9
Contract construction	119	5.8
Transportation	82	4.0
Finance, insurance, and real estate‡	84	4.1
Manufacturing§	35	1.7
Wholesale	20	1.0
Total	2,062	100.0

* Barbers, beauty salons, beauty schools--555
Dry cleaners--146

† Carry-out stores, delicatessens, grocery stores, restaurants--240

‡ Banks--2
Insurance companies--7
Title companies--1
Real estate firms--73
Finance companies--1

§ Newspaper publishers, printers, sign shops--28

Source: A Directory of Negro-Owned and Operated Businesses in Washington, D. C. (Washington, D. C.: Small Business Guidance and Development Center, Howard University, 1967). Reprinted in Black Americans and White Business, ed. by E. W. Epstein and David R. Hampton (Encino, Calif.: Dickenson Publishing Co., Inc., 1971), p. 268.

TABLE 2

Distribution of Business Activity by Major SIC Classification, Michigan, 1971

SIC Classification	Minority Business		All Business*	
	Number	Percentage	Number	Percentage
Agriculture, forestry, and fisheries (01-09)	5	0.7	800	0.6
Mining (10-14)	0	0	356	0.3
Contract construction (15-17)	67	8.8	11,698	9.2
Manufacturing (19-39)	18	2.4	13,238	10.5
Transportation, communication, electric, gas, and sanitary services (40-49)	22	2.9	3,866	3.1
Wholesale and retail trade (50-59)	239	31.4	50,452	39.8
Finance, insurance, and real estate (60-67)	38	5.0	9,985	7.9
Services (70-89)	<u>371</u>	<u>48.8</u>	<u>36,270</u>	<u>28.6</u>
Total	760	100.0	126,665	100.0

* Of the 129,341 businesses listed for Michigan, 2,676 were not classified by category.

Source: County Business Patterns, 1969, and Directory of Black Businesses in Michigan, by Patricia L. Braden and Esau Jackson (Ann Arbor, Mich.: Bureau of Business Research, Graduate School of Business Administration, University of Michigan, 1971), p. 118.

services, whereas it had relatively open access to the market for most goods."^{3/} Therefore, most black businessmen participated heavily in those occupations where they could meet the demand for services behind a wall of segregation. With the recent trend towards desegregation, however, the black businessman no longer has a captive market but must compete with white as well as other black businessmen for his customers. Many of his traditional customers, who are demanding new and improved services which he cannot provide, are deserting him for the more diversified businesses serving national markets. If he is to survive, the black businessman must learn to use modern business tools and techniques. He is not on an equal footing with the white businessman because of this lack of managerial skill, and it will be a major task to develop and provide the special programs that are needed to help black businessmen attain parity in society.

Before such programs can be developed, however, an essential question must be answered by the black community: Would it rather have a few large and diversified corporations or would it prefer many small businesses? Since the smaller businesses are not enterprises which can become the mainspring of economic development, it would seem that the community would benefit more if it developed plans for the large corporations, from which smaller

^{3/} Andrew F. Brimmer, "Small Business and Economic Development in the Negro Community," in Black Americans and White Business, ed. by E.W. Epstein and David R. Hampton (Encino, Calif.: Dickenson Publishing Co., Inc., 1971), p. 271.

businesses might develop in the future. The community must then decide in which industries it would be most profitable to operate--industries which would reflect the economic and social needs of the black community. To discover these needs, it will be necessary to examine what resources are already available to the community and what additional resources are required to achieve these needs. Additional resources could mean, of course, an increased investment in people to create human capital.

Foremost among the considerations in developing any programs for black business enterprise--a consideration not often mentioned--is that the development program is not only an economic program but a political one as well. The tenor of the times dictates and cries out for black self-determination. For this reason, the black communities are insisting that the business establishments in their communities be black owned and controlled.

However, black ownership of businesses in black communities will be a long and arduous task. At least one-half of the businesses in primarily black neighborhoods are white owned. Less than 2 per cent of all U.S. industry, 2 per cent of construction enterprises, and less than 1 per cent of manufacturing firms are black owned.^{4/} Approximately 80 per cent of the gross volume of business in the black community is controlled by absentee white owners. The resources necessary to develop and expand black businesses are dominated by

^{4/} 35th American Assembly, "Black Economic Development," in Black Americans and White Business, p. 386.

white owners, thus restraining the growth of the black business community.

We know for a fact, then, that white businesses operate successfully in predominantly black communities, but we do not know whether black businesses can operate successfully in white communities. "While the white businessman is free to pass through the walls on either side," a Drexel Institute of Technology (Philadelphia) study reports, "the Negro businessman cannot look beyond 'his neighborhood.'"^{5/} The reasons for this restricted access are not immediately apparent and need much research. Can it be that the black businessman has the same opportunities available to him in the open market as the white businessman, but has not exercised his ingenuity or the appropriate business options? Or is this restricted access a result of the fact that the resources needed for market expansion are primarily controlled by the white businesses? Whatever the answer to these questions may be, it is the general consensus that limiting his business to the black community could "spell failure for the black small businessman."^{6/} A report by the Washington, D. C. Mayor's Economic Development Committee (MEDCO) places some of the blame for this situation on the government:

^{5/} Eugene P. Foley, "The Negro Businessman in Search of a Tradition," in The Negro American, ed. by Talcott Parsons and Kenneth B. Clark (Boston: Beacon Press, 1969), p. 561.

^{6/} "Washington Profile," Black Enterprise, II (Jan. 1971), p. 39.

The government-sponsored programs hardly encourage black businessmen to open their stores in white successful shopping areas. In fact, sympathetic consideration has been given only when a store in the inner city was in question. This view of blacks selling only to blacks is absurd and the whole concept of a separate market is invalid. Separatism will not put the blacks into the mainstream of American business.^{7/}

This lack of access to the open market has also been detrimental to the black businessman's personnel problems. As has been mentioned previously, he has lost many of his customers to the diversified businesses and has also encountered strong competition for his usual supply of labor, that is, the blacks of his own neighborhood. Because the black businessman has not been able to expand, he cannot offer competitive wages or lucrative opportunities for either educated or uneducated blacks. He is thus having great difficulty attracting and keeping black employees.^{8/} This high rate of employee turnover is a definite obstruction when a black tries to establish a stable enterprise.

Another area to be considered in developing a minority enterprise program is the type of product or service the black businessman chooses to offer. This choice should be made only after the black entrepreneur has explored the possibility of operating his business outside the black community. Since there are 30 million blacks in the United States, it would seem natural that a potential market for ethnic-oriented products and services would exist

^{7/} Ibid.

^{8/} Brimmer, "Small Business and Economic Development," p. 266.

within the black community. Therefore, if the black businessman could successfully capture the "black market" the profits should be adequate not only to support his business, but also to allow him to expand. Is there something inherent, however, about black people that says they will patronize a black business just because it is black? Or, are blacks and whites alike in that they tend to want the "best buy?" Since black people as a whole have less income than whites, the "best buy" theory would seem plausible. The black businessman should, therefore, be especially careful to choose a good quality product which he can offer at a reasonably low price.

In view of the fact that the majority of existing black businesses are concentrated in the service area, there are a large number of fields in which the black businessman has not had an opportunity to participate. Industrial development (i. e., manufacturing concerns) is one area in particular where there is a lack of black businesses. By its very nature industrial development is extremely complicated. It requires the application of technology and new processes, both of which are the product of many years of technical training and research. Black businessmen, having been denied participation in this field, are very far behind. Then, too, industrial organizations require a large amount of capital investment which most people find difficult to obtain, particularly if they are minority group members. A possible solution is to establish a small industrial organization, yet there are not many products that the large corporation cannot manufacture more efficiently and at less cost than a smaller firm.

The center of the problem in establishing black industrial organizations, as well as most other black businesses, is the inability of the black businessman to obtain the proper financing to set up his business. Credit for the black businessman is difficult to obtain. It may be thought that many low credit ratings are a result of prejudice, yet a number of studies on the subject indicate that prejudice is an insignificant factor. The primary reason for the low credit rating concerns the management ability of the potential black borrower:

In making commercial loans to very small businesses, the management ability of the borrower is of the highest concern. The financial factor, while important, is generally the most difficult to analyze properly because of the firm's chronically inadequate and nonexistent records. . . . The key, then, to the lack of financing for Negro businesses thus lies in the characteristics of Negro businesses more than in the fact that they are Negro-owned.^{9/}

Another reason for the poor credit rating is the fact that, because of national sympathy for the blacks' plight, many bankers are reluctant to hold the note of a black businessman because they do not want the bad publicity which might arise if they had to "pull the string" on a minority borrower. "A responsible banker today would no more close up on a struggling Negro entrepreneur than he would foreclose on the homestead of an impoverished widow or on a church."^{10/}

^{9/} Foley, "The Negro Businessman," p. 560.

^{10/} Theodore L. Cross, Black Capitalism: Strategy for Business in the Ghetto (New York: Atheneum, 1971), p. 49.

Finally, there is a problem with collateral on the loan for the black businessman. The collateral for the loan is usually a mixture of unmarketable and unbankable items. If the Small Business Administration is to guarantee the loan, numerous delays caused by multiple credit checks and approvals often discourage the potential borrower.^{11/} In view of the combined obstacles of little managerial skill and inability to obtain loans, it is no wonder that the black representation in business and industry is so small.

There is also a severe lack of black representation in the scientific and technological areas. A survey of blacks in the aerospace industry revealed that of a total of 788,022 workers in this field, only 37,570, or 4.8 per cent, were black.^{12/} This survey ranged from executive positions to service workers (Table 3). The low percentage is partially explained by the fact that the industry has found it difficult to locate blacks who are qualified in this area, since most blacks prefer to attend college rather than to acquire the necessary skills for precision-level mechanics. The government, from whom the aerospace firms receive four-fifths of their contracts, has been pressuring the industry to hire more blacks, but the results have been disappointing to those who expect more than the present percentage.^{13/} In other industrial areas, "engineers,

^{11/} Ibid., p. 53.

^{12/} Herbert R. Northrup, "The Negro in Aerospace Work," in Black Americans and White Business, p. 115.

^{13/} Ibid.

TABLE 3

The Negro in Aerospace Work, 1960

Job Classification	Total Employed	Total Blacks Employed	Percentage of Blacks Employed
Officials and managers	71,328	292	0.4
Professionals	179,436	1,435	0.8
Technicians	63,999	1,209	1.9
Sales	720	2	0.3
Office and clerical	130,261	3,692	2.8
Skilled craftsmen	164,991	7,595	4.6
Semiskilled operators	155,167	18,417	11.9
Unskilled laborers	8,065	1,804	22.4
Service workers	14,085	3,124	22.2
Total	788,052	37,570	4.8

Source: Herbert R. Northrup, "The Negro in Aerospace Work," in Black Americans and White Business, ed. by E.W. Epstein and David R. Hampton (Encino, Calif.: Dickenson Publishing Co., 1971), p. 115.

scientists, and technicians comprise only 3.8 per cent of all Negroes classified as professional, technical, and managerial."^{14/}

In contrast to the small percentage of blacks in most businesses and technological firms, black representation in the consulting field is significantly larger. "Indeed, a directory of minority consulting firms assembled early this year [1971] by the Office of Minority Business Enterprise contained a total of 186 professional consulting services that described themselves as at least 50 per cent minority owned."^{15/} These businesses are directed by black college-educated professionals coming together to offer services to the black community. Their expertise lies in the fact that they are black--as a result, they are better able to offer consulting services to black businessmen. Yet these firms actually have nothing specific to offer in the way of services and are not particularly competitive businesses. Their existence depends almost entirely on the fact that they are black and, thus, they tend to exhibit a segregated position regarding black business.

Although it is only fair to say that some of these consulting firms do have much to offer in the way of specific, qualified services, a far greater number have very general capabilities. According to Black Enterprise,^{16/}

^{14/} Brimmer, Small Business and Economic Development, p. 266.

^{15/} "Consultant Firms," Black Enterprise, II (Nov. 1971), 23.

^{16/} Ibid.

a Cleveland-based firm said that it could "establish meaningful dialogue with any group"; a Memphis corporation said it "assisted corporations in making and sustaining good relationships with the black community"; while a Massachusetts firm claimed "expertise in the area of dealing with corporations, churches, chambers of commerce, colleges and universities in bridging the gap between the young and old, rich and poor, black and white, white and white, and black and black." Although the ability to communicate with ghetto residents is a much needed skill, particularly when dealing with government contracts, black communities need much more guidance in specific business skills at the present time. Again, the problem lies in proper training--for the consulting firms perhaps, but in particular, and significantly, for the minority businessman himself. He needs education and training in those business areas in which he is already well situated, i. e., services and retailing, but is not yet knowledgeable enough to expand, as well as in those areas where he should be, but is not, participating to a greater extent, e. g., contracting.

PROVIDING THE OPPORTUNITIES

Since the problems of the black businessman are so numerous, he will need programs which are designed to alleviate them. The programs should be formulated and implemented within three major institutional divisions: educational, governmental, and business. The problems each of these

divisions faces in developing minority business programs and the solutions they should be able to bring about will be discussed in the following sections.

Educational Assistance

The black businessman needs special programs tailored to his specific needs. He is usually not a business school graduate and, as a result, is not very familiar with modern business methods. Qualified business school graduates have not been attracted to his firm in the past, since many of them preferred to be employed by the larger corporations. He is, therefore, greatly lacking in business skills--both his own and those of others. If his problems are to be solved at all, there must be well-coordinated business programs in colleges and universities which will deal with the community, the black businessman himself, and those black students who wish to operate their own businesses.

The majority of courses offered in many business schools are primarily concerned with large corporations and do not train and educate students to manage small businesses. Those small-business courses which do exist, however, deal specifically with the minority businessman. The University of Michigan, for example, has two such courses entitled "Development of Minority Enterprise," and "Research in Development of Minority Enterprise." Both of these courses include minority business consulting. Cornell University

offers "Initiation and Development of New Business Enterprise," part of which is field work in neighboring inner-city areas where assistance is given by students to several minority group businessmen. Similarly, the University of Chicago has a management assistance program for minority business, "composed entirely of students, to assist small businessmen, particularly in the ghetto areas, to develop and improve their businesses."^{17/} Although a number of schools do have a few such courses, many more are needed--but not always dealing primarily with retail and service-oriented businesses. The manufacturing areas need more emphasis from business schools: Many blacks who are well-qualified technically to operate a manufacturing firm cannot operate it successfully on the managerial end. Courses should be designed which will inform the blacks of the advantages and disadvantages of operating an industrial firm, either large or small.

Education is also urgently needed in the construction industry.

Representation of blacks in this area is minimal; those blacks who are in it desperately need assistance. According to Joseph Debro, executive director of the National Association of Minority Contractors, the 2,000 black contractors in the United States have received only one-tenth of 1 per cent of the construction business.^{18/} And most of this business has been restricted to minor jobs located in the black community. As a result, "most black

^{17/} U.S., Department of Commerce, Office of Minority Business Enterprise, Higher Education for Minority Business (Washington, D.C.: Government Printing Office, Apr. 1970), pp. 10, 13, 35.

^{18/} Pat Patterson, "Construction Opportunity on the Rise," Black Enterprise, Mar. 1971, p. 18.

contractors know little about bidding or bonding, two major essentials in the industry. ^{19/} In order to alleviate this pressing problem, the New York-based Association of United Contractors of America (AUCOA), which has a membership of more than 100 minority contracting firms, initiated a 16-week, 32-session course in the fall of 1970. Taking place at the Columbia School of Architecture, it provided instruction in cost estimating, construction law, and a variety of related subjects. Similar aid is offered by associations in Detroit, Los Angeles, Baltimore, Washington, and San Francisco at a modest fee or no charge at all. Such educational assistance is just a beginning; much more is needed in order for the black contractor to break into the contracting industry outside the ghetto.

Education is needed to train people to work in an already established company as well as to train them to establish or operate their own companies. At the present time there are few viable organizations that can handle both of these approaches to black business education. In addition, few centralized state institutions can put educational resources at the fingertips of the black business population. There are community groups doing what they can, sometimes with the help of such schools as the University of Michigan, Cornell, and the University of Chicago. But many of these groups do not have qualified assistance from trained educators, and this problem, too, should be alleviated, possibly by establishing clinics where minority businessmen can find first-hand business advice and assistance on day-to-day problems from trained personnel.

19/ Ibid.

The problem seems clear--there is not enough expertise committed to the area of educating black businessmen. Most of the highly trained experts are in the universities, while the not-so-expert are in the field trying to help the black businessman. The objective for colleges and universities should be to develop workable programs or organizational structures to identify the most pressing problems of the black businesses, and then to take affirmative action to alleviate these problems. This action, i. e., educational programs, should be of a pragmatic rather than a theoretical nature so that the black businessman can solve his business problems competently and successfully.

Governmental Assistance

Much effort, discussion, and time have been devoted by the government to the concept of minority economic development. Yet it is not altogether clear how strong the government's commitment is in this area. This is not to say that there are not adequate programs established by the government for minority economic development, but rather that the programs are not always coordinated and managed in the most efficient way possible. In fact, on October 13, 1971, President Nixon announced an expanded program of minority enterprise to consist of over \$100 million in new and direct funds for the Office of Minority Business Enterprise, several changes to the law governing the operation of Small Business Investment Companies, the establishment of 100 local delivery centers for the allocation of managerial,

technical, and financial resources at the community level, and finally a recommendation for the speedy enactment of his legislative programs in this area.^{20/}

These actions by the President came about as a result of a report presented to him by the President's Advisory Council on Minority Business Enterprise. Yet he responded to only three of the eleven demands of the report.^{21/} "The President's new initiative falls far short of the council's recommendations," states Samuel Doctors in his MBA article,^{22/} although he does give Nixon credit for having done more for minority economic development than previous administrations.

There has also been a great lack of systematic research by the government in the area of minority enterprise. According to Doctors, no evaluations of the effects of the various agency programs which deal with minority economic development have been made:

Only a few agency programs collect any hard data on their activities, and none perform any significant analysis of the data that is available. Perhaps more important, there has been no attempt to

^{20/} Samuel I. Doctors, "Ripples, Not Waves--A Review of the Minority Enterprise Report's Impact," MBA, Jan. 1972, pp. 21, 22.

^{21/} For the full report see U.S., Department of Commerce, The President's Council on Minority Business Enterprise, Minority Enterprise and Expanded Ownership: Blueprint for the 70s (Washington, D.C.: Government Printing Office, June 1971).

^{22/} Doctors, "Ripples Not Waves," p. 22.

collect and analyze the available data over agency lines to determine how agency programs have affected the minority community.^{23/}

Specifically, the Small Business Administration now spends more than \$200 million a year for loans and loan guarantees to minority-owned enterprises. But no analysis of the effect of the program has been carried out, and their data collection was substantially reduced because the data that were collected were not used.^{24/}

Another facet of the government's programs to assist minority businessmen is the contracts which the government subsidizes for companies and industries. Although in the past most of these contracts have gone to predominantly white, established firms, the government has made commendable advances in assigning contracts to minority businesses. President Nixon has created a Federal Procurement Task Force on Minority Business Enterprise, directed by Administrator Robert L. Kunzig of the General Services Administration (GSA). Working with the Small Business Administration and other federal agencies, the task force has developed programs to enlarge the involvement of minority businessmen in the federal procurement program. A major advance is the fact that the Small Business Act allows the federal government to negotiate contracts on a noncompetitive basis with firms owned by socially and economically disadvantaged individuals. Specifically,

23/ Ibid.

24/ Ibid.

during the first six months of fiscal year 1971, "GSA awarded eighty-six contracts totaling \$5.4 million, including an \$844,896 whopper, to minority business . . . more in both number and value than in fiscal 1969 and 1970 combined."^{25/}

Similarly, the Department of Housing and Urban Development's (HUD) Model Cities Administration has initiated a two-part minority enterprise program in which Model Cities sponsors a conference for minority urban consultants. Model Cities officials describe the objectives and operation of the program and then discuss the actual contract opportunities. In the second part of the program, HUD has designed its internal administrative system to increase the contract opportunities for minority urban consultants in the national Model Cities contract market. The basic result of the program will be the awarding of specific types of contracts on a competitive basis to minority firms.

The Peace Corps has recently created a division which will direct more of its business to black-owned and -operated firms. The new division, the Office of Minority Affairs, is under the supervision of a black director, William L. Tutman. Among the current activities of this office is the compilation of a directory of minority-owned businesses in the United States and the diffusion of information to these businesses about how they can obtain Peace Corps contracts.^{26/}

^{25/} "Federal Programs," Black Business Digest, May 1971, p. 53.

^{26/} Ibid., p. 54.

Still, there are problems related to these new advances in the government's participation in minority businesses. The Small Business Administration will lose 21 per cent of the \$162.4 million it has lent in the first five years of its program to aid the economically disadvantaged firms of the nation. Of this \$162.4 million, 81.3 per cent of it is directed toward minority-owned firms.^{27/}

"A key reason for the loss in rate of returns, although the Small Business Administration is reluctant to say so officially, is the lack of basic business skills among blacks who account for the lions' share of the business."^{28/} However, this loss is not wholly the fault of the black businessman himself. One source stated that the SBA still does not have the management personnel available to provide the minority businessman with the type of "one-on-one guidance necessary to get him through the first big year."^{29/} The government has relied heavily upon the private sector to provide this guidance to the black businessman. More emphasis should be placed on employing qualified management consultants within the federal programs themselves--personnel who will be more qualified than private businessmen to inform the black entrepreneurs of the available opportunities in the government, and to help them better avail themselves of these opportunities through knowledgeable business advice.

On the local level, research is being carried out to determine what part the local and state governments can play in the development of minority

^{27/} Ibid., p. 52.

^{28/} Ibid.

^{29/} Ibid.

business. In the state of Michigan various governmental groups have attempted to encourage the larger companies to cooperate with the minority development effort. An informal survey conducted for the Directory of Black Businesses in Michigan revealed that there have been numerous efforts to design a statewide coordinated program to develop minority business and to provide needed research activities in this area. In addition, efforts have been made to organize minority businessmen so that they can take advantage of the various private, state, and federal resources that are available to them.

The Economic Development Corporation of Greater Detroit recently completed a study entitled "Educational Needs and Resources for Minority Economic Development." The report compiled the business and nonbusiness programs offered by various community, private, and state colleges and disclosed that there were many related but uncoordinated courses being offered in the Detroit area.

Much more research similar to that of the Economic Development Corporation should be undertaken by city and state governments and such research should focus on those problems which pertain specifically to the minority businessmen. In Michigan, these problems have been tentatively resolved by a minority business development program sponsored by the state's Office of Economic Expansion. The program's objectives are:

1. To provide an opportunity for the exchange of information beneficial to minority businessmen

2. To become acquainted with the programs and functions of other agencies and organizations
3. To promote better understanding and closer cooperation among those in the business of helping minority enterprises
4. To develop new approaches to solutions of the minority businessman's problems

Business Assistance

It will take time to develop a worthwhile and effective black business development program. There remain many problems to be solved, the most important of which is the proper allocation of trained people and resources. One of the best solutions to this problem is the employment of more blacks in already established firms as contributing members, not just as "token" members placed in the organization to ease pressure from governmental and civil rights groups for increased minority participation. Experience is important for success, not only for the individual within the organization, but also for those individuals to whom he might give his experienced and qualified advice.

Many firms and large corporations now claim that they have in their employ a substantial number of blacks, and they can often provide figures to substantiate their claims. But often the figures are deceiving, as Israel

Unterman found when investigating a major company. This company stated that its minority employment record was well above average. Close to 60 per cent of the manpower force was black; almost 7 per cent of its managerial staff were members of minority groups. On closer examination, however, "it turned out that the minority 'executives' included foremen, engineers, designers, and draftsmen who had little or no managerial authority. If management is defined as those above the rank of foremen and supervisors and with authority over at least ten employees, less than half of 1 per cent of the management force were among minority groups."^{30/}

Another important way in which business and industry can contribute to black business development is by contracting their work to black firms. By doing this, industry will provide black businessmen with experience, financial security, and the business know-how derived from handling large contracts. General Motors Company has provided a great deal of assistance along these lines. It has given the Watts Manufacturing Company, a black-owned firm in Los Angeles, a \$1 million contract to make seat cushions and back seat frames for the 1972 Chevy trucks. In March of 1971, GM announced plans to deposit \$15 million in thirty-two minority-owned banks. It has also elected to its board of directors Reverend Leon H. Sullivan of Philadelphia. He is the first black to serve on the board of the world's largest industrial corporation. These are steps in the right direction, but many more of the large firms should follow suit.

^{30/} Israel Unterman, "Minority Group Managers: What's Wrong with Opportunities in Business?" Personnel, Mar.-Apr. 1971, p. 22.

Finally, the most important asset for the black businessman is himself. He must gain and maintain the support of the minority community if he is to survive. His potential for success flows from the market place, and it is within this market place that he must become more active. He must show his people that he does, in fact, identify with them and that he is willing to improve his services if they are willing to accept him as a viable asset to the solution of the community's problems.

Conclusion

As has been stated in this paper, there are a number of active programs, both public and private, available to black and other minority businessmen. These programs are steps in the right direction for developing black businesses, yet as the figures have shown, there still are few blacks in responsible business positions. Much is to be done in this development effort, with educational, governmental, and business institutions each focusing on one specific area.

For the universities, this area is the education and training of black members so that they are able to assume leadership roles in the business community. The universities should also be prepared to provide research and information on business activities to the black community. The government's attention should be focused on more and better-coordinated federal assistance programs for black businessmen, as well as on offering more federal contracts to black or other minority businesses. Finally, the business

community as a whole should place more emphasis on increasing black employment--in positions where blacks will be contributing members of the firms--as well as providing trained assistance to existing black businesses. A well-coordinated effort among the black community, universities, the government, and business should be able to use the available resources in the most productive way possible to provide the expertise, leadership, research, and energy necessary for a successful black business program.