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**THE SOURCES AND USES OF INFORMATION
IN MINORITY BUSINESS ENTERPRISE**

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by

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BACKGROUND

The study of the sources and uses of information in minority decision making was conducted as a part of the Research Program in Entrepreneurship, co-sponsored by the Bureau of Business Research of the Graduate School of Business Administration and the Industrial Development Division of the Institute of Science and Technology of the University of Michigan. This report was taken from a speech presented before the Association for University Business and Economic Research (AUBER), New Orleans, Louisiana, October, 1971. It is only one in a series of investigations into the managerial and financial requirements of small firms designed to promote industrial growth through an understanding of small business formation and development.

ABSTRACT

This study was designed to investigate the role of formal and informal sources of information in solving business problems of minority entrepreneurs. It was discovered that the two types of sources are, to a limited extent, substitutes for each other. However, informal sources were reported to be far more productive than formal sources in decision making; formal sources were effective aids only when informal sources were not available.

Introduction

After World War II a substantial body of research sponsored by the Small Business Administration of the U.S. Department of Commerce was devoted to identifying the effects of the presence of venture capital and managerial assistance in promoting the development of small business enterprise. The direct results of the research suggested that "knowledge pools" of experts and "profit pools" of venture capital should be made available to the small business community to spur economic growth. In 1958 the Small Business Administration began a special program to insure high-risk loans to minority entrepreneurs. Yet over a decade later little improvement was found in the rate of economic development of these disadvantaged groups.^{1/} It was readily apparent that, although capital was available, relatively few members of disadvantaged groups used these resources, and virtually all such groups developed business problems as a result of a lack of managerial training and expertise.^{2/}

^{1/} U.S., President, "Minority Business Enterprise: The President's Message to the Congress Urging Expansion of the Program. October 13, 1971," Weekly Compilation of Presidential Documents, October 18, 1971 (Washington, D.C.: The White House, 1971), Richard M. Nixon, p. 1400.

^{2/} L. J. Crampon and S. F. Schweizer, "A Study of the Informational Needs and Problems of Small Businessmen," Small Business Management Research Report (Boulder, Colo.: Bureau of Business Research, University of Colorado, 1961), p. 113.

In 1964 efforts were initiated to develop managerial assistance programs to benefit small businessmen. The Small Business Administration encouraged independent groups to join the effort, and after six years more than 300 organizations^{3/} had initiated local managerial assistance programs. Yet few of the programs have achieved general recognition in the business community for their success in aiding and developing healthy business enterprise. Though minority entrepreneurs have historically had difficulty aggregating venture capital and have had few acknowledged pools of expertise within their own communities, many efforts have been made to assist business development by making the resources of the general business community available to them.

Ali S. Fatemi reports:

The value of the multiplier in the ghetto doesn't seem to exceed one by very much. Any income injected into the ghetto quickly dissipates into outlying suburbs and outside investment. Instead of remaining in the ghetto to generate production of goods and services, whatever is brought into the ghetto in the form of either wages or welfare checks very often gets spent in a white-owned store and, by evening, leaves the neighborhood. It is obvious that such a short income cycle prevents accumulation of any savings as a prerequisite to investment.

The lack of significant ownership by the indigenous population thus accounts for part of the leakage of capital

^{3/} U.S., Department of Commerce, Office of Minority Business Enterprise, Directory of Private Programs Assisting Minority Business (Washington, D.C.: Government Printing Office, 1970).

from the ghetto. What is required is the development of black-owned distribution centers in the form of wholesale and retail outlets, but more important is the development of a black-owned-and-operated production sector, capable of developing and manufacturing goods for sale both internally and export, which would enhance the value of the multiplier.^{4/}

The failure to bring about improvement in the general community welfare five to ten years after these programs were begun indicates that a problem exists beyond that of providing outside capital and expertise.

The Research Problem

The availability of a "knowledge pool" and a "profit pool" does not ensure that they will be tapped correctly, or that they will be tapped at all. Efficient communication of opportunities to potential entrepreneurs and of assistance to operating businesses is a prerequisite for utilization of these resources. Communication of ideas and opportunities is essential for the efficient use of resources in the community at large. Yet the communication network which carries this information through the larger business society by-passes stagnant communities which show little promise of using the information.^{5/} The successful

^{4/} Ali S. M. Fatemi, "Black Capitalism as a Strategy for Economic Development of the Ghetto," University of Akron Business Review, I (Fall 1970), 47.

^{5/} Arnold C. Cooper, "Entrepreneurial Environment," Industrial Research, Sept. 1970, p. 76.

businessman approaches a decision or problem with a background of information from business and economic literature, professional friends, consultants, and educators. He feels free to tap any of these resources for informal assistance or to engage in professional activities which formally expose him to ideas and opportunities. The minority businessman in the disadvantaged community may not have been exposed to the formal institutions whose task is to disseminate information to the larger community; furthermore little is known about his exposure to or use of informal channels of communication within the minority business community.

This research was intended to explore the use of formal and informal channels of communication available to the minority businessman and to assess the effect of information use on his ability to solve his current business problems.

When planning for the future growth of the community, people outside the minority community have assumed that the minority community, though underdeveloped, uses the same sources of information as the white community. Yet if evidence exists at all, it exists to the contrary. The channels of communication used by the white community are sophisticated networks which have been refined from

use over two centuries.^{6/} Formal organizations establish contacts which are later drawn on for assistance in specific problem situations. James Rovelstad suggests that the appropriate role of formal channels of communication is to reach those with whom the businessman is not normally in contact. Informal channels, alternatively, permit direct exchange of technical ideas under conditions where concepts that are often difficult to describe can be explored until understanding is obtained.^{7/} Minority groups, however, have no heritage of business enterprise and therefore no well-documented procedure for receiving information on entrepreneurial opportunities. Nor are informal contacts available to explain the advantages of the various programs and to provide personal assistance in implementing them.

Study Characteristics

The sample used in this particular study included 74 minority

^{6/} L. J. Crampon, "Communicating Information to Small Businessmen," Small Business Management Research Report (Boulder, Colo.: Bureau of Business Research, University of Colorado); and Richard J. Stevens, "Methods and Channels for Effective Communication of Management Information to Small Businessmen," Small Business Management Research Report (Tallahassee, Fla.: Florida Development Commission, Florida State University, 1963).

^{7/} James M. Rovelstad, The Role of Buyer-Initiated Formal Communication in Marketing R & D to the Government (Ann Arbor: Institute of Science and Technology, University of Michigan, 1971) p. 121.

businessmen drawn from an original sample of 250 from all over the state of Michigan. The distribution of respondents geographically corresponded very closely to the distribution of minority businessmen for the entire state, with about 55 per cent drawn from the Detroit metropolitan area and 45 per cent representing the outstate areas. Each businessman responded to a confidential mailed survey which, in addition to demographic data, asked the respondent to identify his most recent business problem and describe any outside information he used to help solve this problem. The results reported in this analysis are all significant at the 10 per cent significance level or less in a chi-square test of association. Directional relationships were determined by product moment correlation and are also significant at an alpha-level of at least 10 per cent.

For over 40 per cent of the respondents, the outcome of the particular problem studied was considered the difference between success and failure for their firm. Only 17 per cent felt that the outcome of the problem did not affect the future of their business. Yet some individuals exhibited better tolerance for risk, since the decisions were uniformly distributed over a five-point scale of riskiness. In general, though, the riskier the decision was judged to be, the more important the decision was considered to be, and consequently, the greater the number of information sources used ($r_s = 0.5434, \alpha = 0.0000$). This verified the findings of Cox and others that "within the realm of the relevant type of information, the [decision maker] will respond to

(evaluate favorably and utilize) information which best reduces the amount of perceived risk variance involved, that is, relevant information with the highest information value."^{8/}

Obtaining Information for Decision Making

Among formal and informal information sources, other businessmen were consulted most frequently (see Table 1). This informal source was much more likely to be used by the respondents than any of the formal information sources. Of the formal sources, the respondent's bank was the most likely to be consulted; the sources least likely to be used were other formal organizations and government agencies.

The range of initial contacts was generally greater than one, but usually only one source was used intensively, an indication that a selection process for comparing the value of sources did exist. The data seem to suggest that the businessman undertakes the following evaluation of the information source after his first contact: the value of the initial information obtained from each source is compared and the source providing the information of greatest value judged by its

^{8/} Donald F. Cox, "Risk Taking and Information Handling in Consumer Behavior," in Risk Taking and Information Handling in Consumer Behavior, ed. by Donald F. Cox (Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1967), pp. 618-19.

TABLE 1

Results of Chi-Square Tests on the Use of Information
in Decision Making

	Significance Level
SOURCES OF INFORMATION CHOSEN	
Number of sources used	.001
Number of times sources were contacted	.001
What information sources were used	
x Geographic area	.01
Number of times sources used	
x Geographic area	ns*
PATTERNS OF INFORMATION USE	
Mentions of sources of information which might have been helpful but were not used	.001
Total information usage rate	.001
Did they know the individual they consulted?	.05
Were they referred to the informa- tion source?	.001
Did they request general or specific information?	.001
Did they receive the information they requested?	.001
EFFECTS OF INFORMATION ON DECISION MAKING	
Was information used to help solve problem?	.001
How helpful was information received?	.001
Sources of information x Helpfulness of information	.01
Would other businessmen have been helpful?	ns
Importance of the right decision	.001
How risky was the decision?	ns
How risky was the decision x Importance of the right decision	.0000

* not significant

amount, usefulness, and specificity is used intensively to help solve the problem. No other source is generally assessed in the context of this problem. Presumably, additional sources would have been sought had other problems or new dimensions of current problems developed or had the user depleted the source of valued information.

The outstate businessmen used significantly more informal sources of information than did businessmen in the Detroit metropolitan area, which might indicate that formal and informal sources of information can be substituted for each other where they are available. Since there was no significant difference in the number of times all sources were used according to geographic location, a geographic bias toward using more information is not responsible for the unusually heavy reliance on informal sources outside the larger metropolitan area. Further testing was carried out to determine which type of information was preferred, where such a preference existed, and why.

Since the sources that respondents actually turned to for information made up only part of the set of alternatives considered, the businessmen were asked to identify other sources of information which they considered using but did not actually approach. Of the sources mentioned, most respondents felt that gathering information from still more businessmen might have been helpful; others would have accumulated additional information from friends or relatives or their banker. It was surprising that many businessmen felt additional

library work might have helped solve their immediate problems, since Small Business Administration studies have indicated that secondary information sources were likely to be ignored in small businesses generally.^{9/} Of the total information sources mentioned as potentially useful or actually referred to, only 7 per cent of the businessmen used all the sources they mentioned, while nearly one-fourth of the respondents used no outside information at all. Those who did use information had previously met or known 62 per cent of the sources they consulted. Still, most of their immediate uses of information were initiated by referral from another, and the use of formal information sources was not likely to be initiated by a referral. It seems that even if a source of information was known to the businessman he did not recognize that source as a potential help in problem solving until it was pointed out to him by another. When he did finally confer with the source, he asked for information about his immediate problems, and virtually all sources provided the information requested.

Use of Information

Almost all of the information received was used in some way to help solve the businessman's problems. Over three-fourths of the respondents said that the information they received was helpful. Very few reported that information led them to make the wrong decision

^{9/} Crampon, "Communicating Information to Small Businessmen," p. 10.

or saw information sources as realistic scapegoats for business failures. Formal information sources were usually said to be helpful; informal sources were consistently rated more helpful. The businessmen rarely gave any source a poor rating.

Respondents also seemed uniformly satisfied with the total amount of information requested. Though they agreed that other businessmen would be the source most likely to add information of value, opinion was divided on whether or not additional information from other businessmen would actually have been helpful had it been solicited. All other sources that might have been used to supplement information already obtained were judged to be significantly not helpful, including some sources with low initial usage, such as educators. Thus the businessman seems to make a simple conceptual evaluation of alternatives similar to that described by Thibaut and Kelly,^{10/} asking for additional information only where a marginal benefit will accrue.

Informal Contacts in Problem Solving

Nearly half of the minority businessmen surveyed did not mention using any informal information sources at all in solving their current business problems (see Table 2). Most businessmen

^{10/} John W. Thibaut and Harold H. Kelly, The Social Psychology of Groups (New York: John Wiley & Sons, Inc., 1959), pp. 21-23.

TABLE 2

Patterns of Informal Information Use: Results of
Chi-Square Tests

	Significance Level
TESTS OF GOODNESS OF FIT	
Number of times informal information sources were mentioned	.001
Number of times informal information sources were mentioned as potentially helpful but not used	.001
Informal information usage rate	.001
TESTS OF ASSOCIATION	
Informal Information Usage Rate with:	
Business Characteristics	
Product or service of the business	.03
How the business was originally financed	ns*
How the business was organized	ns
Managerial Characteristics	
Number of years of schooling	.07
Age of the entrepreneur	ns
Number of years worked for others	ns
Number of years self-employed	ns
Total years of work	ns
Number of years of ownership or management of the business	ns

* not significant

who did use informal information sources referred to only one source. Only 8 per cent of the businessmen mentioned consulted three or more informal sources. The informal information sources studied here are used both actively and passively: the businessman's own expertise or library or reading materials were considered passive sources; other businessmen or friends and relatives were considered active sources.

Over 85 per cent of the sources mentioned as perhaps being of value for supplemental information were active sources of information, and friends and relatives were considered to be much more valuable sources of additional information than other informal sources. Other businessmen, valued so highly by most respondents as alternative information sources, were expected to add much less information than friends or relatives.

The pattern of use of informal information sources seems to be sharply divided. Although 46 per cent of the respondents used no informal information sources at all, 53 per cent had a usage rate of 50 per cent or more and 20 per cent used all the informal information sources they mentioned, a much greater usage rate than for all sources combined.

Choosing Informal Sources

The product or service provided was the only business characteristic having a significant association with the use of informal information sources. The use of these sources was proportionately greater in

service-oriented establishments than in production-oriented establishments. Perhaps one positive result of the concentration of minority businessmen in service industries is that a larger pool of local contacts is available here than in the relatively smaller producing groups. The sources of the businesses' original financing, the proportion of the initial investment in the business that was made by the owner, and the form of legal organization of the business were not associated with the use of informal sources.

Likewise, managerial characteristics had little or no effect on informal information use. The only factor associated with increased informal contacts was the amount of education completed by the respondent. The use of informal sources in problem solving increased significantly as the educational level of the entrepreneur increased. But the use of informal sources was not associated with the age of the entrepreneur, the number of years he had worked for others, the number of years he had worked for himself, the total number of years he had worked, or the length of time he had owned or managed his business.

Helpfulness of Informal Sources

The helpfulness of the informal information sources was determined by factors other than the choice of those sources (see Table 3). The informal information source designated most helpful was other businessmen, even though friends and relatives were consulted more

TABLE 3

Helpfulness of Informal Information: Results of
Chi-Square Tests

	Significance Level
TEST OF GOODNESS OF FIT	
Helpfulness of Informal Information by Sources	.08
TESTS OF ASSOCIATION	
Helpfulness of Informal Information Sources with:	
Business Characteristics	
Product or service of the business	.03
How the business was organized	.07
How the business was originally financed	.09
Managerial Characteristics	
Total years of work	.07
Number of years worked for others	.10
Number of years self-employed	ns*
Age of the entrepreneur	ns
Number of years of schooling	ns
Number of years of ownership or management of the business	ns

* not significant

frequently. Passive sources, such as the businessman himself or library and reading materials, were the least helpful informal sources though well used. Businessmen in service-oriented businesses found informal information sources to be a help, while those in other types of businesses did not use informal sources extensively. These determinants reflect exactly the same pattern as the determinants of the choice of informal information sources.

However, the helpfulness of informal sources is also associated with the structure and financing of the business. The more highly structured the organization, the more helpful the informal sources were found to be. Likewise, informal sources were found to be the greatest help to someone investing his personal savings in his business, whether or not he added to his personal investment with funds from other sources of capital. Thus the investor who takes the greatest risk of personal failure seems to be the one who feels he benefits most from informal information sources.

The managerial factors most closely associated with the helpfulness of informal sources do not play a part at all in determining the amount of informal source use. All businessmen reported that informal sources were helpful, but when the businessman had the advantage of more years' experience working for others he reported the informal sources to be most helpful. Moreover the helpfulness of informal sources increased as the total number of years of working experience increased, suggesting that useful informal acquaintances are accumulated throughout the businessman's working life.

Since the number of years the businessman worked for himself was not associated with the helpfulness of informal sources, the relationships imply that few significantly useful acquaintances are developed after the minority businessman starts his own company. Rather, they are accumulated selectively while he is working for others, and they are later called upon for assistance when he is in business for himself. The helpfulness of these informal sources decreased as the businessman became farther removed from the current interests and activities of each informal source. Thus, given the reliance of the entrepreneur on informal sources in problem solving, it would seem wise for the minority businessman to develop consciously and maintain a number of informal friendships which could serve as qualified information sources in later endeavors.

The education completed by the entrepreneur was not related to the helpfulness of informal sources but was related to the amount of use they received. This suggests that though contacts depend on educational level, communication does not. That is, minority businessmen with more formal education tend to develop more informal contacts with other businessmen, friends, and relatives who can help them solve their business problems. They also seem to use the library and reading materials more extensively and call upon their own judgment and discipline to help them solve problems. But, regardless of educational level, where contact has been established the informal sources seem to be uniformly helpful.

Use of Formal Sources

Even though formal information sources such as the Chambers of Commerce, universities, the Small Business Administration, and other government agencies are widely known, nearly 65 per cent of the respondents reported that they did not use them to help solve their current business problems (see Table 4). Only 9 per cent of the sample reported using three or more formal sources. This means that considerably more businessmen failed to use formal sources than informal ones. In addition, only two sources of formal information were expected to provide supplemental information of any value: banks and the Small Business Administration. Only 36 per cent acknowledged that other government agencies, universities and educators, businessmen's associations, or their local Chambers of Commerce might provide information of value if asked. These organizations seem to be of little value as vehicles of information and technology transfer to the minority entrepreneur. Only 28 per cent of the respondents used more than half of the formal sources they mentioned, and only 7 per cent used all of them. Difficulty in obtaining and using formal sources, either because of inadequate general knowledge about the source or because of excessive red tape, were the most prevalent complaints about the formal information sources. Apparently these reasons alone were sufficient to discourage a minority businessman faced with severe time constraints.

TABLE 4

Patterns of Formal Information Use: Results of
Chi-Square Tests

	Significance Level
TESTS OF GOODNESS OF FIT	
Number of times formal information sources were mentioned	.001
Number of times formal information sources were mentioned as potentially helpful but not used	.001
Formal information usage rate	.001
TESTS OF ASSOCIATION	
Formal Information Usage Rate with:	
Business Characteristics	
Product or service of the business	.06
How the business was organized	.02
How the business was originally financed	ns*
Managerial Characteristics	
Age of the entrepreneur	.04
Number of years self-employed	.06
Number of years worked for others	.08
Total years of work	.02
Number of years of ownership or management of the business	.01
Number of years of schooling	ns

* not significant

Choosing Formal Sources

As in the use of informal sources, the use of formal sources by service-oriented businesses was more than proportionate to their use by product-oriented businesses. The type of original financing had no effect on the use of either formal or informal information sources, but the form of legal organization did. The use of formal information sources tended to increase as the legal organization of the business became more structured, e. g., incorporated. These results suggest that if the two types of information sources are direct substitutes, then business characteristics are not the factors that discriminate between them.

Substitution Theory

Though a substitution effect between the use of formal and informal sources is not evident from associations with business characteristics, managerial characteristics do reveal such an interaction (see Table 5). Characteristics of the manager play a very small role in determining the informal sources of information used, but the use of formal information sources decreased significantly with an increase in five managerial factors: the age of the entrepreneur, the number of years he worked for others, the number of years he was self-employed, his total number of years of working experience, and the length of time he owned or managed the business.

TABLE 5

A Comparison of the Two-Way Tests of Managerial Characteristics as Determinants of Formal and Informal Source Usage

Managerial Characteristics	Chi-Square Significance Level	
	Formal Sources	Informal Sources
Age of the entrepreneur	.04	ns*
Number of years worked for others	.08	ns
Number of years self-employed	.06	ns
Total years of work	.02	ns
Number of years of ownership or management of the business	.01	ns
Number of years of schooling	ns	.07

* not significant

The number of years of education completed was the only factor unrelated to the number of formal information sources used; at the same time, it alone was significantly related to the use of informal sources. Thus, while the use of informal information sources increased as the educational level of the manager increased, the use of formal information sources decreased as the age, working experience, and managerial experience of the businessman increased. It is apparent that those managers with higher levels of education make more informal contacts and use them in solving business problems more readily than other managers, and while experience does not increase the number of informal sources used, it significantly decreases reliance on formal sources. Therefore, formal information sources can help the young businessman become familiar with common business principles, but they are used only when informal sources are not available. The relationship does not work in reverse, however, and formal sources are uniformly judged to be not helpful in solving specific business problems.

Determining the Helpfulness of a Source

The total number of years working for others was the only managerial characteristic related to the helpfulness of formal information, indicating that the substitution effect does not explain the patterns of helpfulness even though it explains patterns of use (see Table 6). However, the years of internship in other business

TABLE 6

The Helpfulness of Formal Information: Results of
Chi-Square Tests

	Significance Level
TEST OF GOODNESS OF FIT	
Helpfulness of Formal Information by Sources	ns*
TESTS OF ASSOCIATION	
Helpfulness of Formal Information Sources with:	
Business Characteristics	
How the business was originally financed	.009
Product or service of business	ns
How business is organized	ns
Managerial Characteristics	
Number of years worked for others	.07
Age of the entrepreneur	ns
Number of years of schooling	ns
Number of years self-employed	ns
Total years of work	ns
Number of years of ownership or management of the business	ns

* not significant

organizations do help the prospective entrepreneur develop tools of understanding to apply business information to his advantage in specific problem situations.

Business characteristics tend to discriminate between the use and the helpfulness of both formal and informal sources of information. Those business characteristics which are significantly related to higher formal source usage, such as the product or service the business offers and the type of legal organization of the business, are not associated with the helpfulness of formal information, while the only factor not associated with the use of formal information--how the business was originally financed--was highly associated with the helpfulness of formal information sources.

No similar pattern was evidenced in the use of informal information sources, with the sources used generally being rated most helpful (see Table 7). Thus a complementary relationship exists between only those factors which determine the choice of formal information sources used and those factors which determine whether or not formal information received is actually helpful in problem solving. We can conclude that the manager may not improve his decision-making performance simply because he sought outside information. Rather, those formal sources used by the majority of the businessmen were consistently rated lower in effectiveness than those sources which were more lightly used. Certainly one or more of the following three explanations accounts for this unusually low evaluation:

TABLE 7

A Comparison of the Two-Way Tests of Business Characteristics as Determinants of the Helpfulness of Formal and Informal Information Sources with Tests of Business Characteristics as Determinants of Source Usage

Business Characteristics	Chi-Square Significance Level			
	Formal Sources Usage of the Source	Helpfulness of the Source	Usage of the Source	Informal Sources Helpfulness of the Source
Product or service of the business	.06	ns*	.03	.09
Type of legal organization of the business	.02	ns	ns	.07
How the business was originally financed	ns	.009	ns	ns

* not significant

1. There is a competitive advantage attached to identifying and using little-known sources of information.
2. Most minority businessmen do not know the most valuable information sources.
3. Once used, a source is rated less effective because the businessman expected more from the source than he received.

Summary

Though substantial efforts have been directed toward improving the standing of minorities in the business community, the lack of progress toward this goal is in many ways directly attributable to the inability of cooperating agencies to communicate with the minority businessman. Seventy-four minority businessmen participated in this survey to determine the most effective channels of communication they have used.

Businessmen select sources of information on the basis of the value of the information the sources contribute, using the source of highest value intensively. In this sample, use of the most sources depended upon a referral from another; informal or personal sources were by far the most likely to be used. Information sources were rarely blamed for failures, and the total amount of information received seemed satisfactory to those who sought it at all.

Informal sources of information, such as other businessmen and friends and relatives, were more widely used than any other sources, though businessmen with a higher education and those operating service-oriented businesses were more likely than others to choose informal sources. Regardless of educational level, when informal contacts were established they seemed to be uniformly helpful. Informal sources were most highly valued by those who had invested their personal savings in their business. These entrepreneurs accumulated informal contacts selectively while working for others, then called upon them for assistance when they operated their own businesses.

Significantly, nearly 65 per cent of the respondents reported that they did not refer to any formal sources at all, and they expected only banks and the Small Business Administration to provide information of any value. Many of the businessmen did not know what services were offered by the formal organizations, and those who were familiar with them complained that excessive red tape slowed information processing so much that the information, when received, was of little value. The characteristics of the manager seemed to play a very important part in determining who used formal information sources, with formal sources substituting for informal sources when the manager was young and inexperienced. However, when informal sources were available they took precedence over formal sources. Formal information sources used seemed to receive a lower rating after they were assessed; most businessmen, in rating the effectiveness of sources,

gave a lower rating to sources they used heavily than to those they used lightly. In contrast, the informal sources used were generally rated quite helpful.

Conclusions and Recommendations

In conclusion, it would seem important that those in a position to influence minority businessmen should assess their current programs according to the needs of the businessman and supplement their investments in minority business development with manpower as well as money. Certainly the entrepreneur himself should be made aware of the advantage of investing a number of years of internship in someone else's business, for this is where he will develop the basic contacts which he will use to guide him in a venture of his own. Other businessmen must be willing to contribute their expertise by going into the minority community and meeting with groups of businessmen. Only then can minority businessmen learn to pattern their managerial behavior after someone who is successful.

Though the impetus must come chiefly from the business community itself, educators, consultants, and formal organizations can still make an important contribution. They are the link binding the minority communities with the larger society, and they must make full use of their contacts to enable the individual minority businessman to achieve proper standing in society. Perhaps the most valuable investment institutions can make toward this end would be to improve

the quality of information passed on by informal sources. To do this, of course, will require an improvement in the competence of the community of minority businessmen and stronger ties with the larger business community as a whole so that acknowledged experts are available for face-to-face consultation. Though this approach has been dismissed by many as inefficient, even group consultations promise to be more effective than written materials for transferring business technology. At the very least, these formal institutions can increase their value to the minority entrepreneur by promptly handling requests for information and assistance and by helping to bring people together informally.

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