

INFORMATION TO USERS

This was produced from a copy of a document sent to us for microfilming. While the most advanced technological means to photograph and reproduce this document have been used, the quality is heavily dependent upon the quality of the material submitted.

The following explanation of techniques is provided to help you understand markings or notations which may appear on this reproduction.

1. The sign or "target" for pages apparently lacking from the document photographed is "Missing Page(s)". If it was possible to obtain the missing page(s) or section, they are spliced into the film along with adjacent pages. This may have necessitated cutting through an image and duplicating adjacent pages to assure you of complete continuity.
2. When an image on the film is obliterated with a round black mark it is an indication that the film inspector noticed either blurred copy because of movement during exposure, or duplicate copy. Unless we meant to delete copyrighted materials that should not have been filmed, you will find a good image of the page in the adjacent frame. If copyrighted materials were deleted you will find a target note listing the pages in the adjacent frame.
3. When a map, drawing or chart, etc., is part of the material being photographed the photographer has followed a definite method in "sectioning" the material. It is customary to begin filming at the upper left hand corner of a large sheet and to continue from left to right in equal sections with small overlaps. If necessary, sectioning is continued again—beginning below the first row and continuing on until complete.
4. For any illustrations that cannot be reproduced satisfactorily by xerography, photographic prints can be purchased at additional cost and tipped into your xerographic copy. Requests can be made to our Dissertations Customer Services Department.
5. Some pages in any document may have indistinct print. In all cases we have filmed the best available copy.

University
Microfilms
International

300 N. ZEEB RD., ANN ARBOR, MI 48106

8219277

Engkaninan, Suda

**DEMANDS MADE BY SMALL BUSINESS UPON THE UNITED STATES
SMALL BUSINESS ADMINISTRATION**

United States International University

D.B.A. 1982

**University
Microfilms
International** 300 N. Zeeb Road, Ann Arbor, MI 48106

Copyright 1982

by

Engkaninan, Suda

All Rights Reserved

DEMANDS MADE
BY SMALL BUSINESS UPON
THE UNITED STATES SMALL BUSINESS ADMINISTRATION

A Dissertation
Presented to the
Graduate Faculty of the
School of Business and Management
United States International University

In Partial Fulfillment
of the Requirements for the Degree of
Doctor of Business Administration

by
Suda Engkaninan
San Diego, 1982

© 1982

Suda Engkaninan

ALL RIGHTS RESERVED

DEMANDS MADE
BY SMALL BUSINESS UPON
THE UNITED STATES SMALL BUSINESS ADMINISTRATION

A Dissertation
Presented to the
Graduate Faculty of the
School of Business and Management
United States International University

by
Suda Engkaninan

Approved By:

Sarah L. Harris
Chairperson

15 May 1982
Date

J. Gordon Bampf

Richard L. Conant

[Signature]
Dean

DEDICATION

To my mother,
SUWAN ENGGANINAN
For whom this effort was made.

ACKNOWLEDGEMENTS

Through this study, I have grown and expanded considerably. No accomplishment, whether great or small, is ever achieved without the support and encouragement of others. This dissertation effort is no exception.

I wish first and foremost to thank both of my parents, Mr. Sark and Mrs. Suwan Engkaninan. They have supported me and encouraged me over the years and have given me a chance to be, to know, to see, and to grow.

A very special thanks is given to Dr. Dorothy Harris who shared my committee and helped me to focus on this topic. She also has been most supportive and encouraging.

I am also deeply indebted to Dr. J. Gordon Baugh, who is a member of my committee. His stimulating discussion and suggestions were of immeasurable benefit and made a significant impact on my work.

I am also grateful to Dr. Andre Le Cault, the other member of my committee.

Without the honest contributions of these people, this study would have been more difficult and less meaningful.

TABLE OF CONTENTS

	Page
DEDICATION	iv
ACKNOWLEDGEMENTS	v
LIST OF TABLES	x
LIST OF REFERENCE FIGURES.	xii
 Chapter	
1. THE RESEARCH PROBLEM	1
Delineation.	2
Variables and Relationships.	3
Question 1	5
Question 1(a).	10
Question 1(b).	11
The Research Approach.	11
Criteria for Data Source	12
Definitions.	14
Background	14
Summary.	18
2. REVIEW OF SELECTED LITERATURE.	19
Small Business Administration.	19
Current Problems	20
The Development of the Small Business Administration Assistance Programs	21
Research Studies	22
Study Number One	22

Study Number Two	23
Study Number Three	26
Study Number Four.	28
Study Number Five.	30
Study Number Six	32
Study Number Seven	33
Study Number Eight	36
Summary.	37
3. METHOD	39
Collection of Data	42
Data Source.	42
Instrumentation.	43
Pilot Study.	43
Procedure.	44
Analysis of Data	48
Research Assumptions and Delimitations	52
Research Assumptions	52
Delimitations.	52
Summary.	53
4. FINDINGS	54
Question 1	55
Decisions Made by Each Respondent.	55
Summary of Decisions Made by the Respondents.	55
Financial Assistance Programs Response by Each Respondent	60
Management Assistance Programs Response by Each Respondent	60

Procurement Assistance Programs Response by Each Respondent	63
Frequency of Demand for SBA Services	64
Question 1(a).	67
Potential Growth in Demand for SBA Services	72
Question 1(b).	73
Priority of Services	73
Initial Consensus.	73
Final Consensus.	74
Summary.	80
5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.	81
Summary.	81
The Research Problems.	82
The Research Approach.	82
Criteria for Data Sources.	83
Review of Selected Literature.	83
Method	84
Collection of Data	84
Analysis of Data	85
Findings	85
Conclusions.	86
The Research Questions	86
Findings Related to the Context and Literature	88
Implications and Applications.	89
Evaluation of the Research	90
Recommendations.	91

	ix
REFERENCES CITED	92
OTHER REFERENCES	96
APPENDICES	99
A. LETTER OF INQUIRY.	100
B. SURVEY INSTRUMENT.	102

LIST OF TABLES

Table	Page
1. Partial Listing of Standard Industrial Classification Codes	15
2. Responses Categorized According to SIC Codes.	45
3. SIC Codes Representative of Minority Businesses in Southern California.	46,47
4. Summary of Data Search Results	49,50
5. Twenty-nine Types of Services Available for Small Business from the Small Business Administration.	56,57
6. Number of Types of Service Demanded by Small Business Operations.	58
7. Summary of Frequency of Demand by Class of Service for Small Business Administration Services by Small Business Operations.	59
8. Summary of Financial Services Demanded of the Small Business Administration by Small Businesses	61
9. Summary of Management Services Demanded of the Small Business Administration by Small Businesses	62
10. Summary of Procurement Services Demanded of the Small Business Administration by Small Businesses.	63
11. Frequency of Demand for All Small Business Administration Service by Small Business Operations	65,66
12. Awareness of Services: Frequency of Lack of Awareness for Small Business Administration Services by Small Business Operations.	68,69

13. Potential Growth: Frequency of Demand for All Small Business Administration Services by Small Business Operations.	70,71
14. Priority of Services - Initial Consensus: Frequency of Demand for All Small Business Administration Services by Small Business Operations.	76,77
15. Priority of Services - Initial Consensus Frequency of Demand for All Small Business Administration Services by Small Business Operations.	78,79

LIST OF REFERENCE FIGURES

Figure	Page
I. Delphi Procedures	13
I. Delphi Procedures	41

Chapter 1

THE RESEARCH PROBLEM

The United States (U.S.) Small Business Administration (SBA) is an independent federal agency, created by Congress in 1953 "to assist, counsel, and champion the millions of American small businesses which are the backbone of this country's competitive free-enterprise economy" (Carson, 1973). The mission of SBA, simply put, is to help people get into business and stay in business. To accomplish these broad objectives, the SBA acts as an advocate for small business. At the direction of Congress, the agency espouses the cause of the small business, explains small business's role and contributions to society and the economy, and advocates programs and policies that will help small business. SBA performs this advocacy role in close coordination not only with Congress but also with other federal agencies, and with financial, educational, professional and trade institutions and associations. The agency also provides financial assistance, management counseling, and training to prospective entrepreneurs, new entrepreneurs, and established persons in the small business community. SBA also helps private contractors and federal agencies to direct government procurement contracts for small firms. The agency makes special efforts to assist women, minorities, veterans, and the handicapped in getting into business and staying in business since such persons have long faced unusual difficulties establishing themselves in the private marketplace.

Interest in small business today is high, and the demand for SBA assistance is great. However, the SBA feels that this demand is

uneven in that there is too much demand for certain kinds of assistance and no interest at all shown for others (U.S. Small Business Administration, 1980). The purpose of this study was to determine what kinds of SBA assistance are currently in greatest demand, the potential growth of this demand, and the priority of each kind of assistance. To guide the focus of the study, specific research questions were posed, and the task to be accomplished by the study was to answer those questions.

1. What kinds of assistance are in greatest demand by small businesses from the Small Business Administration?

1a. What is the potential for demand growth of the assistance available to small businesses from the Small Business Administration?

1b. What is the priority of each type of assistance demanded?

Delineation

SBA generally defines a small business as one which is independently owned and operated and is not dominant in its field (U.S. Small Business, 1977). To be eligible for SBA assistance, a business must meet a size standard set by the agency. For many years, this standard was based on annual receipts, assets, net worth and/or number of employees. In 1980, the SBA proposed a new and simpler standard based solely on total number of employees per firm (The United States Office of Economic Research of the SBA, Oct., 1980). For the purpose of this study, the number-of-employee standard was used; and a small business is taken to mean firms having between 25 and 499 employees.

The study dealt with small businesses in Southern California

and covered the economic spectrum.

There are virtually a limitless number of services available to small businesses from the SBA, including programs providing services with special emphasis on women entrepreneurs and minority-owned businesses. Very often small businesses are unaware of the services available to them; the few that are known to them are overused (The Small Business Administration Report, 1977). Twenty-eight types of assistance available from SBA were considered for this study. They fall into three categories. The list of services and the categories identified below were obtained from the SBA:

1. Financial Assistance: The SBA offers a variety of loan programs to small business concerns that are unable to borrow on reasonable terms from conventional lenders without government help.

2. Management Assistance: The SBA is aware of the relatively high number of business failures due to poor management; consequently, it places special emphasis on improving the management ability of small business owners and managers.

3. Procurement Assistance: Each year the federal government contracts with private companies for billions of dollars in goods and services, and as required by law, the SBA helps small businesses obtain a fair share in this government business.

Variables and Relationships:

Three types of variables were considered in this study: independent, dependent and intervening variables.

The independent variables are the different types of assistance available from SBA and are of prime importance. The

dependent variables are the frequency of demand, the priority, and the potential growth of those services offered by SBA. A direct relationship exists between the type of service and the frequency with which it is demanded. For example, Physical Damage Natural Disaster Recovery Loans, a type of service, is not regularly demanded. There might be a heavy demand for it in one year and no demand for this service at all for several years. Therefore, the priority for this service in the estimation of small businesses, as well as the potential growth in its demand cannot be rationally predicted. In other instances, the frequency of demand, the priority, and the potential growth in demand depend largely on the type of service available. For instance, to construction firms, Contractors Line of Credit Guarantees would have a high priority. The frequency of demand and the potential growth in demand would, therefore, depend on some other intervening variables, such as the state of the economy. Demand would be expected to be lax during an economic recession and to accelerate during an economic boom. It can also be stated that the frequency of demand, the priority, and the potential growth in demand for a service will ultimately depend on the type of firm and will vary from one group to another. It can also be maintained that those measures are different for minority or women-owned businesses. A determination of this last issue could be a meaningful subject for another study.

The findings from the study highlight a number of problems; the most noteworthy is the apparent differences discernible in the problem of minority small businesses and other businesses. Another significant element is that the problems of small businesses, in general, differ by type. Meaningful studies could be undertaken to

determine: (a) What are the major problems faced by the nation's minority-owned small businesses; (b) What are the problems confronting small businesses in manufacturing, retailing, wholesaling, construction, and so on.

QUESTION 1.

What kinds of SBA assistance programs have the greatest demand?

Of the many kinds of assistance available from the SBA, the following will be studied:

Group A - Financial Assistance

1. Direct Business Loans: These are made directly from SBA to eligible small businesses who cannot borrow directly from private lenders. They may be used for business construction, expansion or conversion of existing facilities. They may also be used for the purchase of machinery, equipment, facilities, supplies, or materials. The administrative maximum amount borrowable through this program is \$500,000 with a 10 year maturity.

2. Economic Opportunity Loans: These are made to low-income persons and those who are socially or economically disadvantaged wanting to start their own firms or expand existing ones. Military service in the Vietnam years may be a contributing factor in determining a person's socially or economically disadvantaged status.

3. Local Development Company Loans: These are made to groups of local citizens whose aim is to improve the economy in their area. Loan proceeds may be used by the development company to assist specific small businesses for the purpose of plant acquisition,

construction, conversion or expansion and the acquisition of land, machinery, and equipment.

4. State Development Company Loans: These are made to state development companies chartered by special state legislation to promote state-wide business growth. Loan proceeds may be used by the development company to provide small firms, within a state, with long-term loans and equity capital.

5. Pool Loans: These loans are made to corporations formed and capitalized by groups of eligible small firms. Loan proceeds may be used to assist those firms that are included in such a pool.

6. Small General Contractor Loans: These are made to assist small construction firms with short-term financing. Loan proceeds can be used to finance residential or commercial construction or rehabilitation of property for sale. Proceeds may not be used for owning and operating real estate for investment purposes.

7. Contractors Line of Credit Guarantees: These are made to assist small firms in the short-term financing of labor and material costs of an assignable contract.

8. Seasonal Line of Credit Guarantees: These loans provide short-term financing for small firms having a seasonal loan requirement due to seasonal increase in business activity.

9. Energy Loans: These loans are made to firms engaged in manufacturing, selling, installing, servicing, or developing specific energy measures.

10. Displaced Business Loan: These are made to small firms suffering substantial economic injury caused by federal, state, or local government assisted construction contracts.

11. Handicapped Assistance Loans: These loans are made to physically-handicapped small business owners and private non-profit organizations which employ handicapped persons and operate in their interest.

12. Product Disaster Loans: These are made to small firms engaged in processing or marketing products for human consumption. These loans are made when such firms suffer substantial economic injury because of disease or toxicity resulting from natural or undetermined causes.

13. Base Closing Economic Injury Loans: These are to small firms suffering substantial economic injury caused by the closing of a major military installation or severe reduction in the size and scope of operations at a major military installation.

14. Strategic Arms Economic Injury Loans: These are for small firms suffering substantial economic injury as a result of international strategic arms limitation treaties.

15. Emergency Energy Shortage Loans: These loans are made to small firms suffering substantial economic injury as a result of shortages of energy or fuel.

16. Regulatory Economic Injury Loans: These are made to small firms suffering substantial economic injury caused by new federal law or regulation. Examples of laws which might injure small firms are the Federal Mine Safety and Health Amendments Act, the Occupational Safety and Health Act (OSHA), the Clean Air Act, and the Federal Water Pollution Control Act.

17. Economic Dislocation Loans: These are made to small business concerns suffering substantial economic injury and located in

certain regions or business sectors designated by the SBA administrator as suffering from any extraordinary, severe, and temporary natural or other condition that is not associated with regular business occurrences.

18. Disaster Assistance: Natural disasters, such as hurricanes, floods, and tornados often cause hardship to businesses and individuals. Homes and businesses may be damaged or destroyed. When the President or the SBA administrator declares a specific area to be a disaster area, two types of loans are offered by the SBA:

(a) Physical Damage Natural Disaster Recovery Loans: These are to homeowners, renters, businesses, and non-profit organizations within the disaster area. Loan proceeds can be used to repair or replace damaged or destroyed homes, personal property and businesses.

(b) Economic Injury Natural Disaster Loans: These are made to small businesses that suffer economic losses because of the disaster. Loan proceeds may be used for working capital and to pay financial obligations which the small business owners could have met had the disaster not occurred.

19. Pollution Control Financing: SBA assists highly qualified small businesses in financing pollution control facilities through the use of federal tax-exempt industrial revenue bonds. Terms are up to thirty years and rates are as low as 5½ percent. Up to five million dollars per small business may be obtained through the bond markets with a 100 percent guarantee from SBA.

20. Surety Bonds: SBA is committed to making the bonding process accessible to small and emerging contractors who, for whatever reasons, find bonding unavailable to them. SBA is authorized to

guarantee to a qualified surety up to 90 percent of losses incurred under bid, payment, or performance bonds issued to contractors valued up to one million dollars.

Group B - Management Assistance

1. SCORE and ACE (Service Corps of Retired Executives and Active Corps of Executives): These two groups help small business executives solve their operating problems through a one-on-one counseling relationship.

2. Small Business Institutes (SBIs): These have been organized through SBA on almost 500 university and college campuses as another way to help small business. At each SBI, senior and graduate students at schools of business administration, and their faculty advisors provide on-site management counseling.

3. Small Business Development Centers (SEDCs): These centers draw from resources of local, state, and federal government programs, the private sector, and university facilities to provide managerial and technical help, research studies, and other types of specialized assistance of value to small business.

4. Business Management Courses: Courses in planning, organization, and control of business - as distinguished from administration of daily activities - are co-sponsored by SBA in cooperation with educational institutions, chambers of commerce, and trade associations. In addition, conferences covering such subjects as working capital, business forecasting, and marketing are held for established businesses on a regular basis.

5. International Trade Counseling and Training: These services are available to managers of small businesses considering

entrance into the overseas marketplace as well as to those desiring to expand current export operations.

6. Management, Marketing and Technical Publications:

Publications issued by SBA on hundreds of topics are available to established and prospective managers of small firms concerned about specific management problems and various aspects of business operations.

Group C - Procurement Assistance

1. Procurement Assistance: Federal Procurement specialists in SBA offices throughout the country counsel small businesses on how to prepare bids to obtain contracts, and then direct the small businesses to government agencies that buy their product and services, help them get their names placed on bidders' lists, and assist in obtaining drawings and specifications for proposed purchases.

2. Certificate of Competency (COC): When a contracting officer or agency questions the ability of a small business to perform a contract, SBA usually issues a certificate of competency on behalf of the firm after an on-site study of the firm's facilities, management performance record, and production capacity in relationship to the contract in question.

3. Technology Assistance Officers (TAOs): These officers are located in SBA regional offices and use a variety of resources and data banks to identify appropriate technology and make it available to small firms that have requested assistance in solving a problem, improving a process, or developing a new product.

Question 1(a)

What is the potential for demand growth of the assistance available to small businesses?

This question sought to determine the potential growth in the demand of the services discussed in the previous section. This is considered a crucial aspect of this study since the results are likely to influence policy decisions that will enable SBA to meet the growing needs of small firms. The results are also seen to complement the results to be obtained from question 1 above.

Question 1(b)

What is the priority of each type of assistance demanded?

This question sought to determine the priority, in the opinion of small businesses, of the services offered by SBA. Here priority is understood to mean how important and relevant these services are in the operations of small businesses.

Overall, the focus of the study is threefold: to determine the frequency of demand for SBA services, to determine the potential demand growth of these services, and to determine the priority of each type of assistance available from the SBA.

The Research Approach

The research approach utilized in this study was the (normative) approach to gain familiarity and to expand on phenomena already in existence. Demand for SBA services is common knowledge, but a more detailed insight into the nature of this demand is needed; hence the accumulation of the data base would be solely descriptive. It would not necessarily seek or explain relationships, test hypotheses or make predictions.

Zetterberg (1953) has maintained that descriptive studies are the most appropriate approach in describing phenomena associated with

a subject population or in estimating the proportions of the population that have certain characteristics. To obtain the required data, this study selected representative samples to survey by means of a questionnaire. The development of the Delphi Technique, as shown in Figure 1, determined the frequency of services in demand and the priority of services in the opinion of the small businesses selected.

Criteria for Data Sources

The special requirements of a descriptive study demand that the researcher follow an orderly and systematic feedback procedure and also display a good understanding of the terminology of the general subject area covered. They also demand that criteria be established for the admissibility of the data sources. The criteria established for the present study were:

1. Representativeness and Randomness: Since this is a descriptive study using a survey questionnaire, the most important criteria are that the sample be representative and that it be random. To ensure randomness the Standard Industrial Classification (SIC) code was employed to obtain representative firms from all business groups. The following steps were taken to achieve the desired selectivity in the example:

- a. The firms selected must be located in southern California. It is argued that the needs of firms from a single region are likely to be more uniform than those from scattered regions.

- b. The firms selected must conform to the number-of-employees requirement, being between 25 to 499 employees.

- c. The firms selected must qualify as "small businesses" in accordance with the guidelines given by the SBA.

Delphi Procedures

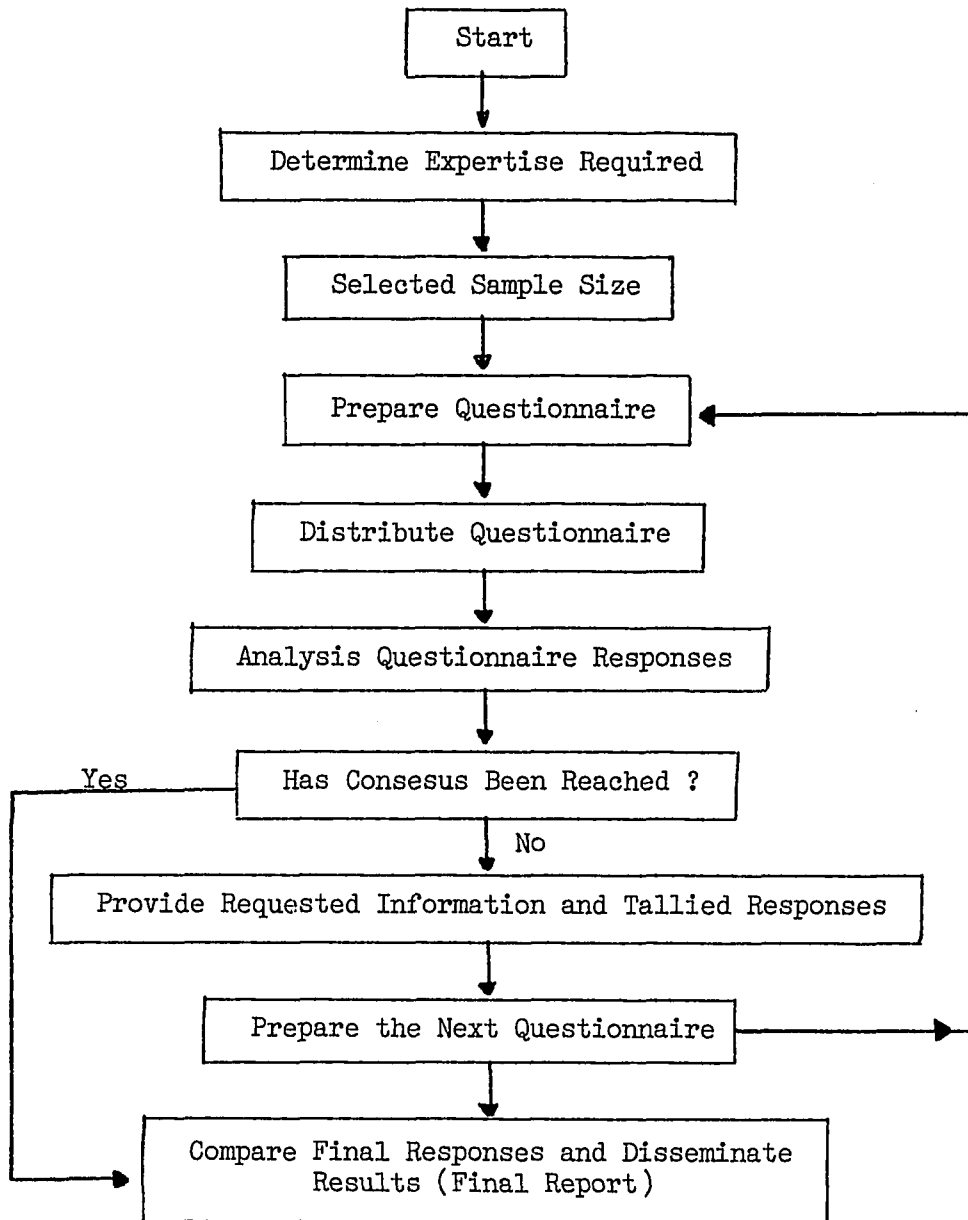


Figure I. Adopted from an illustration by Richard J. Tersine and Walter E. Riges, "The Delphi Technique.....A Long Range Planning Tool," *Business Horizons*, XIX (April, 1976): 53.

d. The data from each firm must come directly from the highest executive officer of the company - owner, president or general manager.

Definitions

The following definition will apply in this study:

Standard Industrial Classification (SIC) Codes

SIC codes comprise a system of four-digit identifiers by which every type of organization can be classified. The system was created by the U.S. Treasury Department. The first two digits signify the general type of activity of the organizations with a certain class, such as mining or service. The third and fourth digits signify the specific type of organization within the class, such as metal mining or restaurants. A partial listing of codes appears in Table 1.

Background

By a relative reckoning, the SBA is not an old agency of the federal government. Nevertheless, as it approaches the age of maturity, it is fitting that the basic philosophy that led to its birth and which continues to serve as a foundation guidepost for the execution of its policies be reviewed. In establishing the SBA, Congress clearly was concerned with maintaining a viable, dynamic and progressive role for small enterprises in the American economy. Implicit in this desire was the basic notion that American traditional values of individual initiative, social mobility, and political freedom are dependent upon the strength of the free enterprise system, a system which is itself dependent upon the maintenance of competition provided by the existence

Table 1
 Partial Listing
 of Standard Industrial Classification Codes

SIC	Description
1520	Residential Building Construction.
1711	Plumbing, Heating, Air Conditioning.
1799	Miscellaneous Special Trade Contractors.
2751	Commercial Printing.
5699	Miscellaneous Apparel and Accessory Stores.
5712	Furniture and Home Furnishing Stores.
5812	Eating and Drinking Places.
7011	Hotel, Motel, Tourist Courts.
7213	Laundry, Cleaning, Garment Services.
7379	Miscellaneous Business Services.
	Total Responses

of a large, healthy community of small enterprises.

By 1953, Congress felt that imperfections in the money and capital markets threatened the survival of many small firms by unduly limiting their access to financial resources (Carson, 1973). Essentially, the problem was that commercial bank lending standards were geared to a defensible concern for the safety of deposits with no reasonable means at hand for banks to undertake greater than average risks in their loan portfolios. The solution Congress adopted was one in which the role of the federal government was supportive rather than dominant, and one which was geared to encouragement rather than to regulation and control. Thus the basic feature of the original legislation of 1953 was a program of lending guarantees under which the SBA would undertake to guarantee bank loans to small firms in circumstances where such loans would not otherwise be made. Starting with a few services, more programs have been mandated by Congress over the years. The SBA is by law assigned to manage these programs under the following guiding principles:

1. The SBA can best help small firms achieve success in their enterprises where such assistance is capable of being combined with private management and market factors that are conducive to success.
2. The SBA believes that the programs will "pay-off" in the long run, specifically, that each program should generate benefits that exceed its costs.
3. The third principle is a corollary of the second. In providing assistance to small businesses, SBA is concerned that the goals are achieved as efficiently as possible.

Guided by these principles the SBA functions:

- . to serve as a focal point for the receipt of complaints, criticisms, and suggestions concerning the policies and activities of any part of the executive branch of the federal government which affect small business,
- . to counsel small businesses on how to resolve their problems in dealing with the federal government,
- . to develop proposals for changes in the executive branch to better carry out the mandate of the Small Business Act that the government "aid, counsel, assist and protect the interest of small business concerns in order to preserve free competitive enterprise," and to communicate such proposals to appropriate federal agencies,
- . to represent small business before other federal agencies whose actions affect small business; and
- . to enlist the help of government and private groups to disseminate information about the programs and services of the federal government and about the ways in which small businesses can use these to their benefit.

SBA also performs both general and specific research. It helps in gathering small business data on which the federal government can make sound policy decisions in matters affecting small business. Other research efforts concentrate on continually assessing the relative position of small businesses in the economy - data necessary for small business growth and prosperity in the years ahead. The present study is an extension of this principle, as it seeks not only to determine current demand but also to assess potential demand for SBA services.

Results from this study could assist SBA policy-makers in their efforts to anticipate program constraints and devise appropriate policies to solve potential problems. It could also assist SBA policy-makers in their efforts to revise existing programs and formulate more adequate means of tackling existing or anticipated needs.

Summary

The SBA's broad objective, to aid the small business, is constantly being challenged by the mutability of the American economy; and yet, if the SBA is to remain effective, it must maintain an awareness of the role its services are playing and will continue to play for the small businessman it aims to serve. This study had as its objective a determination of the role currently being played by SBA assistance programs, their demand, their potential for demand growth, and their priority of demand. To accomplish this task, one question and two sub-questions were posed. The independent, dependent and intervening variables were identified and discussed. The criteria for the data sources and the study approach were specified; and finally, the study was related to its broad context and background.

Chapter 2

REVIEW OF SELECTED LITERATURE

The United States Small Business Administration was established twenty-nine years ago by the Congress in 1953. In spite of all the apparent interest in the topic, there is a scarcity of literature relating to the Small Business Administration (SBA). Most of the research in the area of aid to small business was done prior to 1953. Bibliographies from libraries and the Office of the United States Small Business Administration of Los Angeles were utilized to identify some of the available literature.

Chapter 2 begins with a review of some of the Small Business Administration literature. Next, there is a review of the current state of development of the SBA and some of the current problems. The chapter concludes with eight studies considered to be relevant to the study.

Small Business Administration

Small businesses enjoy extensive popular regard as the most vital element in the American economy. Small businesses are manufacturers, processors, distributors, as well as the customers of the economy. They serve the customer and meet the needs of businesses, large and small (Bunzel, 1962).

Not too long ago, all businesses were small. "Bigness" arrived with the Industrial Revolution; and when the concept of "bigness" was applied to concerns such as labor, business, and government, it became a dominant theme in contemporary societies. America's

own development epitomizes this theme. The impact of this trend to "bigness" on American small business has been dramatic, primarily because larger enterprises have seriously challenged and possibly even replaced small business as the dominant factor in the national economy (Small Business Administration Report, 1973).

Many small businesses do not succeed, however, and of those that do survive, most enjoy only limited success (Dun and Bradstreet, 1972). The satisfaction an entrepreneur associates with a successful enterprise comes from a sense of independence as much as from the monetary income derived. This sense of satisfaction can be even greater for individuals who come from disadvantaged backgrounds (Ivan Hubert Light, 1972).

Current Problems

The Small Business Administration is not an old agency of the federal government. In establishing the Small Business Administration (SBA), Congress clearly was concerned with the maintenance of a viable, dynamic and progressive role for small enterprises in the American economy. Therefore, by 1953, Congress had become vitally concerned about the future of small business in the United States. It particularly felt that the imperfections in the money and capital markets threatened the survival of many small firms by unduly limiting their access to financial resources (Carson, 1973).

The first significant impact of the federal government's involvement in the day-to-day operation of the country's economic system was felt in the period commencing with the Civil War and lasting through World War II. During that period, big business had dramatically

emerged and had apparently replaced small business enterprises as the mainstay of the economy (Kaplan, 1948).

Even with federal intervention arguably indispensable to the preservation of the system, as a side effect, this intervention caused a tremendous growth in the complexity of the economy and the resultant bureaucratic morass frustrated many individual's ability to work throughout the system. Consequently, in order to protect individual economic freedom, the federal government was forced to assume, on a continuing basis, a strong position supporting the concept of a free and viable small business community.

The Development of the Small Business Administration Assistance Programs

The Small Business Administration is the only federal government agency possessing programs specifically designed to promote and protect the welfare of small businesses. The design of these programs is enhanced by the experience gained from the several agencies which preceded the SBA.

The first major federal financial program was developed to ameliorate the problems created by the Great Depression. During the early days of the Depression, financial institutions were, themselves, in great need of assistance and, consequently, abrogated their additional role of serving the monetary needs of the small business community. As a result, federal government intervention was mandatory, for no other institution was available to fill these obvious needs (Financing Small Business, 1958).

The second major trend in the development of the federal program was the Technical and Management Assistance program. The main

activities of this office through its years of existence were in the area of education (the production of brochures and pamphlets), and in the area of counseling, (instruction of small business operators who knew of and wanted to use the services of the SBA.

Research Studies

The creation of the Small Business Administration in 1953 was in response to a widespread belief that the private money and capital markets did not give small business a "fair deal." A general feeling prevailed that small business could raise capital only on grossly inequitable terms. The capital markets were not fair in dealing with small business ("Financing Small Business," Federal Report, April, 1959).

Study Number One

A study done by the Federal Reserve System addressed the financing of small business and dealt with the issue of financing policy discrimination. "In a free-enterprise economy, who should be expected to provide venture capital? Are there undue risks for the economy as a whole if the government is brought into the supplier's role?" (Federal Reserve System, "Financing Small Business," Federal Report, 1958). A significant aspect of the study involved the survey by interview of major sources of small business funds. On the basis of this survey, the Federal Reserve authorities came to the following major conclusions with regard to the possibility of a differential impact of a restrictive credit policy. Firstly, they found that there was a smaller growth in bank loans to small businesses than to larger

business, and secondly, they found that no class of supplier of small business credit was found to have appreciably curtailed its small business lending. Small firms may not, in fact, have matched the pace set by large firms in loan requests because of less stimulating sales records, poor market outlook, fewer investment outlook, or any number of other factors on which small business operating experience could prove inferior to its larger counterpart. The interpretation is that the differential in available credit depended upon volume differences in demand by small and large businesses, denying, in effect, the allegations that such differentials were contrived. Consequently, the data reported that this factor is a major credit gap for the small business sector. The findings recommended that government should participate in small business credit needs.

Study Number Two

Beach and Huizenga (1961) made "the most ambitious attempt to test the differential impact hypothesis as it applied to commercial bank credit" (Deane Carson and Ira O. Scott, Jr., 1973). Many people felt that the 1958 study was inadequate since the massive data collected were not subjected to statistical analysis. G. L. Beach and Huizenga, using the same data, applied statistical analysis to test the differential impact hypothesis. Their findings were fairly much in line with 1958 Federal Reserve results that, (1) tight money led banks to discriminate against small borrowers in lending to business; and that (2) tight money led banks to raise interest charges, especially to small borrowers. These findings were immediately challenged with the argument that the sample was too narrow to generalize beyond the relevant range.

It is maintained that banks will ration credit in a way that differentiates against less credit-worthy small borrowers. Hodgman (1960) stressed the importance of the "customer relationship" (CR). The CR benefit to the bank derives from a loan customer's deposit balance after deducting the cost of servicing the account. Revenues from the CR are raised with the customer's deposit balance, while average costs fall; therefore, large customers with large compensatory and other deposit balances are more profitable to the bank than those who maintain balances. By deduction, since large balances are normally held by large firms and relatively small balances are held by small firms, the bank manager will favor large size borrowers whenever his total credit issuing capacity is less than total demands of all credit-worthy borrowers. Gupta (1972) supported this line of reasoning by his introduction of the "rational discrimination theory." He observed that bankers are most concerned about what he calls "the safety factors" in making loans. This safety factor is a function of leverage, the expected rate of return, the variance of rate of return, and the volatility of the rate of return. The loan safety factor at all times tends to be better for large firms than for small firms. Therefore, banks attempt to decrease the proportion of low-safety-factor loans in their total loan portfolios. The results are twofold: (1) the availability of low-safety-factor loans in the market is reduced, and (2) there is differentially greater increase in the cost of low-safety-factor loans that still remain acceptable to bankers.

Generally, the word discrimination connotes the unequal treatment of equals. Thus, if two people have the same output and efficiency and are paid unequal returns, discrimination has occurred.

On the other hand, if two people are unequal in productivity, the payment of unequal wages would not be discriminatory. In such a case, society may wish to subsidize the less productive person, but that is a matter of social policy in which non-economic priorities are given higher weight than economic allocational efficiency. Differential treatment on the basis of size or size-related characteristics is a natural result of a bank's search for profitable and efficient portfolios.

The above consideration served as a powerful impetus to the passage of the Small Business Investment Act of 1958. The Act presented a unique method of financing by which no government funds were furnished directly to small business but were made available indirectly through the medium of state and local development companies or through other conventional lenders on the guarantees of the Small Business Administration. As of November, 1980, 90 percent of SBA's total business loan dollars were channeled to small businesses through bank support of the loan guaranty plan.

The data examined was concerned with the major loan assistance program of the Small Business Administration which involves both direct loans, and loan participation and guarantees arranged with commercial lenders. According to the findings, government should take a responsibility in loan assistance to small businesses. Especially during the Great Depression and other periods of high inflation small business needed this kind of assistance. Small businesses are often in competitive markets where they tend to have little control over their costs. Therefore, the SBA should be able to assist small businesses in remaining in the nation's economy, as well as giving them the

opportunity to compete with big business.

Study Number Three

Murphy's Laws to the contrary, it is a manager's inalienable right to be wrong - not careless, not stupid. But if after thoughtful, objective, and thorough study, a decision turns out to be the wrong one - then so be it (Carson, 1973). Of all the ingredients that go into making a profitable small business firm, none is more important than the quality of management (Forbes, January 18, 1982). Ranking below this cardinal factor are the much more prosaic factors such as product/customer relationship; the ability of a company to survive the inroads and thrusts of competitors (and to meet them and beat them at their own game); the ability of the company to be or to become an attractive investment opportunity; the ability to borrow from one or more sources; the company's ability to maintain and upgrade its product so that it does not become superannuated; and the existence of a growing market. Those comprise a few of the factors in the second echelon of profitability determination. The United States experienced an average of 797 business failures a month in 1972, according to "The Failure Record through 1971" by Dun and Bradstreet, presenting an estimated loss to the nation's economy of about two billion dollars. Ninety percent of those failures can be broadly attributed to managerial problems, such as lack of experience in the line, lack of managerial experience, unbalanced experience, and incompetence. Almost as many firms are started each year as are discontinued. The figure has remained at that rate of failure for the last several years. Of the newly established businesses, nearly fifty percent fail within

their first two years. In ten years only one out of five of those businesses will still be solvent.

As now conceived, the SBA's management assistance programs are designed to reduce the rate of failure of small business firms (Carson, 1973). The economic rationale of these management assistance programs rests upon two related observations. The first of these is that management education and training are necessary, expensive, and as provided in the private market, often unsuited to the specific needs of these small firms. Few small business persons have the time or financial resources to undertake, say, a Harvard or Columbia MBA program. Moreover, these private educational programs have typically been geared to the large corporation, with little attention accorded to the often quite different problems that face the small entrepreneur and manager. The second observation is that SBA's management assistance programs involved the expenditure of federal government funds to provide education and training for a specific sector of the private economy, a measurable subsidy which may be treated as a public investment in human resources. It is proper to inquire, therefore, as to the social rate of return on such an investment.

The data reported that most successful business persons seem to have one thing in common. They all began their businesses with the objective of creating, according to their own view, the ideal business in their particular field. Consequently, organization is not done primarily with an eye to profits. And yet, in spite of their successful profit making records, these successful business persons generally lack the managerial expertise necessary to deal with much else and will, at sometime, require outside assistance to survive.

Study Number Four

The Small Business Administration has conducted intensive studies of the cost and benefits of its management assistance programs in 12 of 62 offices. In 1971, this survey was expanded to include all regions. The objectives of the study were (1) to determine the estimated primary benefits of small business person from the SBA's management assistance programs; (2) to evaluate the general effectiveness of the program; and (3) to establish the basis for, and compute, the benefit/cost ratio of the program.

The methodology employed in conducting the study involved a mailed questionnaire sent to a random of sample business persons who had received management assistance. The purpose of the questionnaire was to obtain information concerning (1) changes instituted by small business firms as a result of assistance received under the program; (2) whether the firm's profit had changed during the year following receipt of assistance; and (3) the extent to which the profit change was specifically due to the SBA manager's assistance. The results of the survey provided information that showed a great benefit to the small firm from the management assistance programs and a cost/benefit ratio of 9.2 to 1, meaning that every dollar of computed cost expended, generated 9.2 dollars of profit to the small business community.

It is apparent, then, that relatively modest government expenditures, in combination with private resources, have had a clear and definable impact on the strength of small business in the American economy (Inc., February, 1982). The subsidy involved in these programs has demonstrably paid substantial benefits to the economy in the form of higher profit, greater employment and business investment, and tax

revenues to the federal government.

Allen (1967) in "Factors Affecting the Profitability of Small Firms," has advised, "Do not choose yourself as a candidate to run your own business if you do not know that business extremely well. The man who starts his own business has picked the president of the company himself." It is undoubtedly true that small business requires a broader and more sophisticated approach to management today than ever before, and that the requirements will become more rigorous as time goes on. Small business thrives on specialization in a large business environment. To know that specialized market and how to exploit it is a peculiar requirement of small business management, along with knowledge of the range of functions common to all business management.

Small business, by definition, is personalized rather than institutionalized in its management; and it is incumbent upon the small business person to employ sound, and sometimes sophisticated management practices, to sharpen the advantage of his personal knowledge and skills. His special advantage may lie in specialized technical knowledge or distinctiveness of design or high quality, or aggressive merchandising or fast service; but his ability to compete effectively requires close attention to all aspects of management. Consequently, managerial competence demands a range of skills and abilities of the small business operator, practically different, than it does of managers in larger organizations. The small business person can no longer successfully run his business entirely by the "seat of his pants."

The data reported indicates that there is a pattern on the part of small businesses to move toward a professional approach to

management in order to remain in business and reduce the possibility of failure.

Study Number Five

Why is government procurement so important to small companies, (Report of the Commission on Government Procurement, Vol. I, 1972)?

The field of government procurement has been a complex one from the very beginning. The initial difficulties have been multiplied many times over during the past two years by growth - both in numbers of dollars and people involved, and in the complexity of the systems being procured.

The government policy of assuring a fair proportion of government procurement to small business rests substantially on the equitable need for opportunities for participation in taxpayer purchases for the entire spectrum of the business community. There are, however, reasons beyond simple fairness to all concerned for policies giving special consideration to the increase of small business participation in federal contracts. Those basic reasons are:

1. To assure a continued climate of competition in federal procurement, thereby protecting the taxpayer dollar;
2. To increase dispersal of the national productive capability as measured against foreign attack or domestic emergency which would otherwise threaten great proportions of the industrial complex;
3. To maximize talent and capacity made available to priority government programs.

It is additionally suggested that the economic effect of the placement of contracts in the hands of numerous and dispersed small

firms is more desirable than the awarding of contracts of the same value to a smaller number of firms which are concentrated in limited geographic areas. Small firms are more likely to be located in non-industrialized areas and offer the advantage of helping to reduce industrial concentration in urban areas, thus offering economic opportunity for a wider selection of the population, and reducing the impact on services for major urban areas. Finally, it must be noted that the simple reality of the business world requires customers and cash flow for success. Considering the large annual federal outlay for procurement, it is obvious that a significant portion of this market is both desirable and appropriate for small firms. The business activity so created generates, not only income for employees and owners, but also by reinvestment for profit, reduces materially the reliance which such firms must place upon lending institutions, commercial or government. The Small Business Administration takes active interest in assisting small business persons to increase the number of contracts available to small business. Three principal efforts contribute to the aid which SBA offers in the prime contracting field: the "set-aside," the "break-out," and the "Certificate of Competency."

The set-aside effort is the specific identification of certain required materials or services to be provided only by firms which qualify as small businesses. The break-out effort involves the separation of specific services or materials from a more general contract: e.g. janitorial services might be broken-out of a general contract for housekeeping services on a missile installation. It also involves the reduction of a single large procurement to several procurements in quantities which are within the capabilities of small business. A

third phase of the SBA prime contracting assistance effort revolves around the Certificates of Competency (COC) program. If a contracting officer proposes to reject the bid of a small business firm, which is a lower bid, because he questions the firm's ability to perform the contract on the grounds of capacity or credit, the case is referred to the SBA. SBA personnel then contact the company concerned to inform it of the impending decision and to offer an opportunity for the parties involved to apply to SBA for the Certificate of Competency, which if granted would require awarding of the contract to the small firm.

The data of this study reported on the climate in which small government contractors must survive. The protection of expended tax dollars obviously has a multiplier effect on small business profits. In the absence of SBA assistance these profits would have been garnered by larger firms and to that extent do not represent a substantial net gain to the economy as a whole. The fact that these profits were diverted to the small business sector undoubtedly contributed to the achievement of greater competition in the market for government goods and services and the achievement of the major public objective of maintaining and promoting a viable community of smaller enterprises.

Study Number Six

Questions have been raised about the effectiveness and efficiency of the procurement program; specifically, do the benefits justify the costs? To answer this question it may be useful to look at the results of a survey questionnaire conducted by the SBA in 1971 - an economic analysis of its procurement assistance programs with the primary objective of measuring "benefits in relation to costs." The

results indicated that 44 percent of the firms experienced an increase in employment, 40 percent reported an increase in plant or capital equipment, and 73 percent reported an increase in net worth, all directly attributable to the SBA procurement assistance efforts. The benefit to cost ratio was 9.5 to 1. The general picture that emerges is favorable, providing evidence that the procurement assistance program of the SBA is a productive activity.

SBA assistance programs are becoming increasingly complex; and dollar volume, immense. It would be a prudent policy in this era of budget cuts to determine the priority of demand for programs and to devise more efficient ways of meeting the needs of small firms.

Study Number Seven

The existence of a minority business ownership gap was highlighted by the results of a statistical survey done by the Bureau of the Census in 1971. It found that minority persons, who comprised 17 percent of the nation's population, owned only 4.3 percent of its businesses, including both full and part-time ventures (Bureau of the Census, *Minority-Owned Business*, 1969). The minority representation among business owners is not only exceptionally small, it has, until recent years, gained at a much slower rate than the minority representation among other occupations in the upper income categories. The relatively small number of minority-owned businesses compares unfavorably with mainstream businesses in qualitative terms, as well as by receipt size, industry distribution and location. The same survey showed that minority-owned businesses were mostly concentrated in those locations which are least desirable from the point of view of viability and growth.

Among the reasons for the extremely small minority component of the nation's business community and its slow exposition were the belated recognition on the part of the federal agencies that a problem existed and the even later realization that federal intervention was feasible and appropriate. The first positive move was by President Richard M. Nixon by presidential executive order in 1969. A preamble to this order draw a line between putting the poor in business and promoting minority-owned enterprise. In President Nixon's words:

What we are doing is recognizing that in addition to the basic problems of poverty itself, there is an additional need to stimulate those enterprises that can give a number of minority groups confidence that avenues of opportunity are neither closed nor limited; enterprises that will demonstrate that blacks, and other minority groups can participate in a growing economy on the basis of equal opportunity at the top of the ladder as well as on its lower rungs. (Kirschner, 1969)

SBA's several programs supporting the development of minority-owned businesses have grown progressively and rapidly over their life spans. Given the resources placed at the agency's disposal, the growth in the volume of the agency's loan programs have comprised the largest single element of its effort to foster minority business ownership and the most commonly cited measure of response to its commitment.

The special procurement assistance program initiated in 1968 was part of an effort to generate more substantial businesses. It was administrated as a low-key pilot program in the early years, reaching a total of 199 contracts valued at \$22.5 million in 1970. By fiscal year 1973, the program had expanded to 2,000 contracts, valued at \$175 million.

SBA also has a statistically impressive array of management assistance programs. It can call on almost 10,000 retired and active

volunteers to counsel small concerns. Attendance of minority persons at SBA-sponsored conferences has been reported as exceeding 14,999 in each of the past two years (1979-1981). Reported attendance at workshops exceeded 8,000 in the same period. Also, since fiscal year 1969, the agency has had a small appropriation (\$5 million) which it has used to finance business development agencies and to pay for the business services to minority-owned concerns by private consulting firms.

SBA in 1972 completed an analysis of a nationwide sample survey of minority borrowers covering the period 1967-1971. The results of the survey, based on a representative, stratified sample of some 600 minority borrowers throughout the nation, provide a primary measure of the agency's achievement in minority business development. The focus of the survey and the primary objectives of the minority programs were (1) to bring minority-owned business into being and (2) to expand the scale of existing businesses owned by minorities. With respect to these, the survey revealed some encouraging results. Of those new businesses brought into being and existing businesses which came under new minority ownership, more than 2,500 were still in business were judged capable of continuing operations. Applied to the total number of each concern which received loans from the initiation of the program, the survey results indicated that a total of 11,000 minority-owned businesses had been brought into being through SBA loan programs. The employment effects of the loan programs were also significant. Adding the total employment of new businesses in employment experienced by existing firms resulted in a total growth in employment in excess of 13,000 for the sample universe.

The reported data indicated that the minority business owner

gained experience in challenging new areas of professional activity by the efforts of the Small Business Administration. As such, they have served as testing grounds for different approaches to minority business development which might well be used to enhance the effectiveness of later entrants.

Study Number Eight

Small Business Administration research survey on minority business ownership (The United States Small Business Administration Report, 1972) addressed the following three major questions:

1. Given the dimension of the ownership gap, is it being narrowed significantly?
2. Are the discontinuation rates experienced by SBA borrowers typical of the minority business community as a whole?
3. What lessons have been learned which might be used to improve program performance in the years ahead?

With respect to the significance of the program's achievement, it is to be noted that SBA loan programs have helped to bring about a substantial increase in the number of minority-owned firms and a fifty percent increase in employment of firms owned by minority persons. Viewed in the light of years of indifference and neglect, this may be deemed a significant advance. When viewed against the background of an ownership gap on the order of the total economy, the program's results appear minute. This, however, is to look at a partial picture. The more realistic picture is one which suggests a certain trend. The possibility is that progress in minority-owned businesses will continue. The entry of numerous minority persons into business ownership, by routes other than those opened by SBA's other programs, gives relevance

to the question raised - are SBA assisted minority-owned businesses representative of minority-owned businesses in general? It is highly improbable that they are. In the first place, the income of minority families has been rising more rapidly than those of other families. Associated with this has been an equal or more rapid growth in accumulated wealth and business-related experience. Thus, the number of minority persons capable of entering business in the traditional way has been increasing and should continue to grow. Involuntary discontinuation would presumably be significantly less frequent for such firms than for SBA borrowers. Further, the volume of commercial bank loans to minority-owned business also appears to have grown substantially. It appears then, that SBA programs are but part of a substantially larger movement toward increased minority representation in the business community.

The findings indicate that in addition to small business's role in providing increasing economic opportunities for minorities and women, the small business sector is providing these opportunities with less reliance on the assistance of the SBA. Consequently, the absence of training and post-loan business services for borrowers reported in the SBA's survey does not necessarily reflect indifference on the part of the agency. Continued steps to compensate for deficiencies in the training and experience of minority business candidates are as essential as those needs to compensate for deficiencies in equity capital.

Summary

Much of the literature selected for review in this study had as its major focus the creation of the Small Business Administration.

The research studies which have been reviewed were related to the financial of small business, management assistance programs, procurement assistance programs, and programs that foster minority business ownership. The trend in the evolutionary development of each was discussed, followed by a performance evaluation of each program in terms of effectiveness, costs and benefits. The future outlook of the programs in view of their past performance was then detailed.

Chapter 3

METHOD

The purpose of the study was to survey the circumstances under which the Small Business Administration (SBA) provides assistance to small businesses. Specifically, the study sought to determine what services provided by the SBA are in greatest demand, the potential growth in demand for these services, and the priority, in the opinion of small businesses, of each type of assistance. The chapter describes, in accordance with the research questions, the methods of gathering research data. The tools of analysis employed were the descriptive-elemental method using a survey-questionnaire, and the Delphi technique (Consensus Forecasting), both of which are detailed here.

The problem is restated in the form of one main and two sub-questions:

1. What kinds of assistance are in greatest demand by small businesses from the Small Business Administration (SBA)?

1a. Is there any potential growth in demand of assistance available to small business from the Small Business Administration?

1b. Is there a priority in the type of assistance demanded?

The survey, done by a researcher-designed questionnaire, was employed in the study of question 1 and 1a and the Delphi technique (Consensus Forecasting) was employed in the study of question 1b. The descriptive-survey method was appropriate to the nature of the problem to gain familiarity and expand on phenomena already in existence. That there is demand for SBA services is common knowledge, but a more detailed insight into the nature of this demand called for a definition

of the composite elements. Hence, the accumulation of the data base would be solely descriptive. It would not necessarily seek or explain relationships, test hypotheses or make predictions. Zetterberg (1953) has maintained that descriptive studies are the most appropriate approach used to describe phenomena with a subject population or to estimate the proportions of the population that have certain characteristic.

The Delphi Technique (Consensus Forecasting) is a term applied to one type of procedure, developed by Messrs. Dalkey and Welner of the Rand Corporation, for forecasting time-related future events, "Delphi and Decision-Making" (Dalkey, 1972:161). It has been most commonly employed in estimating the probable time of achievement of specific technological or social goals. Use of the technique has broadened into other areas of opinion polling. The technique involves the repeated (iterative) consulting with numbers of informed persons as to their best judgement as to when, or if, a specified event is likely to occur, and providing them systematically with the totality of judgements rendered by the group. The responses of all participants are assembled and returned to the participant, inviting them to reconsider and offer any defense they may have for an estimate that seems out of line with others made by the group. This information, and revised estimates, may then be circulated to the participants for further analysis and so on. The procedure can vary considerably, but it produces a well-considered consensus of the intuitions of a plurality of informed witnesses without injecting the bias of leadership influence, face-to-face confrontation, or group dynamics. Respondents as individuals are expected to clarify their own thinking and the final

Delphi Procedures

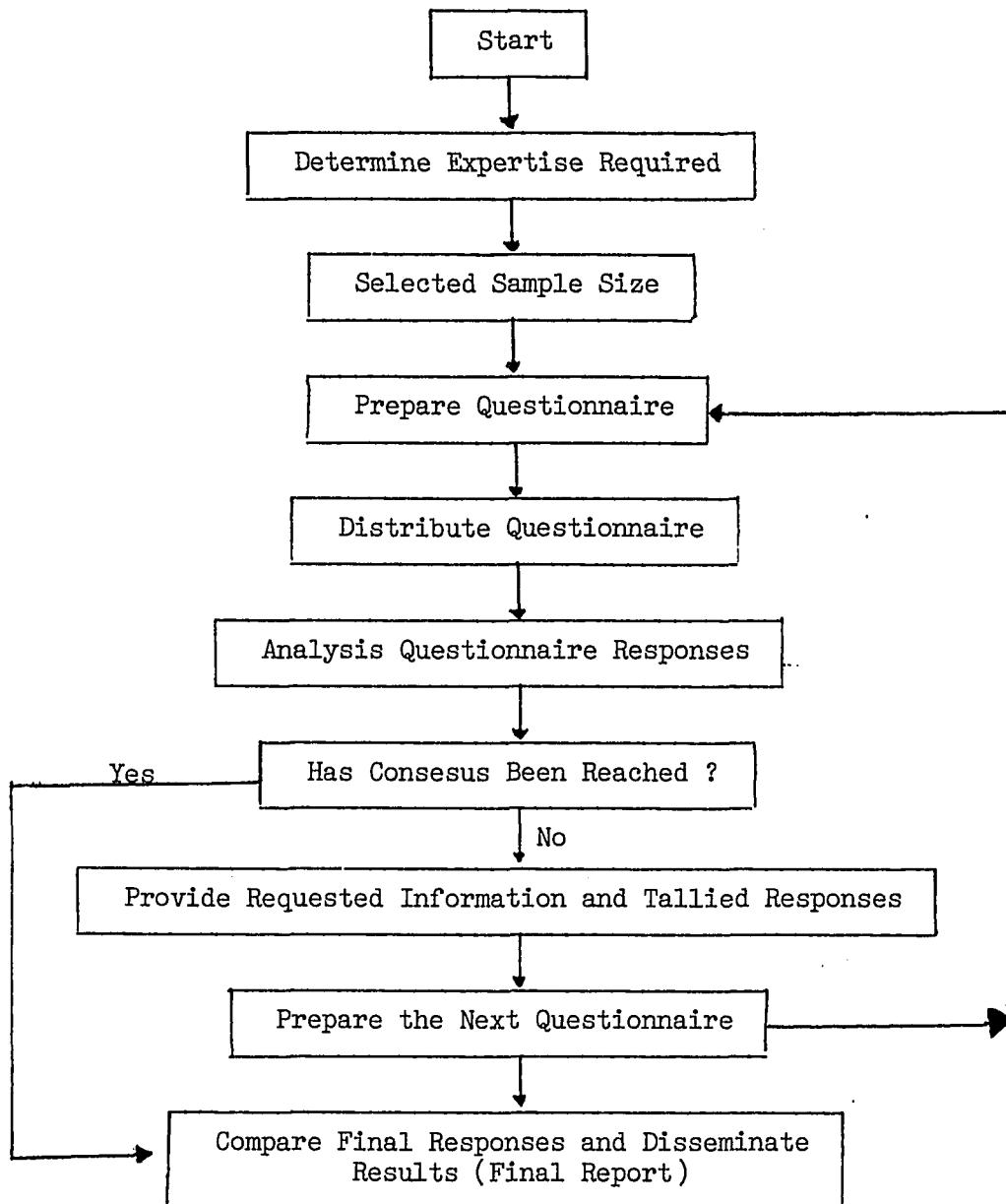


Figure I. Adopted from an illustration by Richard J. Tersine and Walter E. Riges, "The Delphi Technique.....A Long Range Planning Tool," *Business Horizons*, XIX (April, 1976): 53.

decision according to the theory, at least will tend to converge by narrowing the estimates in response to the most convincing arguments.

Collection of Data

Data Source

The data sources must meet the following criteria established for the study.

1. Representative and randomness: Since this is a descriptive study using a survey questionnaire, the most important criteria is that the sample be representative and random. To ensure the randomness, SIC codes were employed to obtain representative firms from all business groups. "A sample that is representative is one with approximately the characteristics of the population relevant to the research questions," (Kerlinger, 1973).

2. The firms selected must be located in southern California. It is argued that the needs of the firms from one region are likely to be more uniform than from scattered regions.

3. The firms selected must conform to the number-of-employees requirement of between 25 and 499 employees.

4. The firms selected must qualify as "small business" in accordance to the guidelines given by the SBA.

5. The data from each firm must come directly from the highest executive officer of the company, owner, president or general manager.

The data sources for this study were small business firms in southern California. Firms were from selected Standard Industrial Classification (SIC) Codes. The relevant Codes are shown in Table 1.

The person within each firm to whom the request for data was addressed was either the owner, president, or general manager.

Instrumentation.

The data gathering instrument selected, in order to provide uniformity and meet time restrictions (Sellitz, 1959), was the survey questionnaire. Although other descriptive study instruments exist, none fits the unique requirements for this study. Thus, an original questionnaire was developed. A copy of the transmittal and instrument appear in Appendix A and B respectively. The instrument consisted of 28 items. The first twenty are concerned with policies relating to the financial programs of Small Business Administration (SBA). The second section of the instrument comprised of items 21-26 and are related to management programs of the SBA. The third and final sections consist of two items and deal with the procurement assistance programs of the SBA. These items are the different types of assistance available to small business from the SBA. The list was developed through inquiries and research from SBA sources, local Chambers of Commerce and the United States Government Congressional reports. This list served as the framework from which the survey questionnaire was developed.

Pilot Study. A pilot study was conducted to determine the validity of the instrument. Twenty-five questionnaires were mailed to top managers of randomly selected firms, with six responses being obtained. This 25 percent return was considered too low for the purpose of the study. Even from the responses there was apparent confusion in the answers to Question 1. To improve the chances of a better response, Question 1 was clarified, by adding another question to the original. It was

decided to increase the total number of firms to be contacted from 250 to 300. The response also pointed out the potential need to include an offer to provide the results of the study, which did not appear in the pilot letter. An additional three responses were obtained from selected top managers who agreed to complete the questionnaires and critique them. Responses indicated that there were no ambiguous or irrelevant items on the questionnaire.

Procedure

The researcher compiled data using the following steps: 300 firms were randomly selected from southern California; the SIC code system was used to further define the respondents; then a copy of the instrument was mailed, accompanied by a letter of transmittal offering to provide study results along with a stamped and addressed envelope.

The questionnaire was used to obtain responses from a total of 97 top managers representing 10 SIC's as shown in Table 2. By using these criteria, a minimum of five to six responses from each SIC was deemed sufficient. The 1980 "Southern California Business Directory and Buyers Guide" was used as the basis for selecting the SIC codes to be used. This part of the procedure, which generated the final list of the contracted businesses, consisted of these steps:

1. A total of 30 SIC codes, comprising 48.12 percent of the business firms in southern California, that met all criteria, was produced. This initial list of selected SIC codes is shown in Table 3. The selected codes are those with over 250 total firms classified within them.

2. A computer data search was conducted at the office of the

Table 2
Responses Categorized According to SIC Codes

SIC	Description	Number of Responses
1520	Residential Building Construction	13
1711	Plumbing, Heating, Air Conditioning	5
1799	Miscellaneous Special Trade Contractors	6
2751	Commercial Printing	9
5699	Miscellaneous Apparel and Accessory Stores	11
5712	Furniture and Home Furnishing Stores	8
5812	Eating and Drinking Places	13
7011	Hotel, Motel, Tourist Courts	15
7213	Laundry, Dleaning, Garment Services	10
7379	Miscellaneous Business Services	7
	Total Responses	97

Table 3
SIC Codes Representative of
Minority Businesses in Southern California

SIC	Description	Total Number of Selected Firms
1520	Residential Building Construction	547
1711	Plumbing, Heating, and Air Conditioning	235
1799	Miscellaneous Special Trade Contractors	185
2751	Commercial Printing	321
5064	Electrical Appliances	211
5699	Miscellaneous Apparel and Accessory Stores	735
5199	Miscellaneous Nondurable Goods	123
5411	Grocery Stores	317
5531	Auto and Home Supply Stores	379
5541	Gasoline Service Stations	491
5712	Furniture and Home Furnishing	611
5732	Radio, Television, and Music Stores	235
5812	Eating and Drinking Places	2,015
5921	Liquor Stores	277
5931	Used Merchandise Stores	279
5947	Miscellaneous Shopping Good Stores	979
5999	Retail Stores not otherwise classified	651
6411	Insurance Agents, Brokers, Services	987
6512	Real Estate Agents and Managers	1,691

Table 3 (continued)

SIC	Description	Total Number of Selected Firms
7011	Hotels, Motels, Tourist Courts	255
7213	Laundry, Cleaning, and Garment Services	416
7231	Beauty Shops	663
7241	Barber Shops	317
7299	Miscellaneous Personal Services	329
7339	Mailing, Reproduction, Stenographic	177
7399	Miscellaneous Business Services	1,231
7539	Automotive Repair Shops	789
7699	Miscellaneous Repair Shops	257
7813	Motion Pictures	178
8200	Education Services	778
	Total Minority Business Firms	15,037
	Total Majority Business Firms in Southern California	31,248
	Total Number Selected Firms	15,037
		$\frac{15,037}{31,248} = 48.12\%$

Los Angeles Chamber of Commerce in their data base of southern California firms. The criteria for the search was to list, for each of the thirty SIC codes, those firms with more than 25 and less than 499 employees. A summary of the listing produced by the data search is shown in Table 4.

3. As a part of the representativeness test, SIC codes having less than 15 members with greater than 25 employees were eliminated. For example, SIC 541 (grocery stores) even with 95 members, had only 8 that were not branches of large nationwide firms.

The result of this process was the selection of the 10 SIC codes shown in Table 2. The questionnaire was mailed to businesses within each SIC. The replies were differentiated according to the SIC codes. A total of 300 questionnaires were mailed which resulted in 97 responses. These data were then used for the data analysis phase of the research study.

Analysis of Data

The responses were tallied for each of the selected SIC codes, and then for all codes together. 97 usable responses were then organized around the questions in the survey instrument and fell into 4 categories:

1. Frequency of Demand: The responses were tallied for the first two questions of the survey questionnaire to determine what services are in greatest demand.

2. Awareness of Services: Responses to Question 3 of the questionnaire were tallied to determine to what extent small business are aware of the availability of SBA services.

Table 4
Summary of Data Search Results

SIC	Description	No. of Selected Firms	No. Between 25 to 499 Employees	No. of Firms Meeting all Criteria
1520	Residential Building Construction	547	69	42
1711	Plumbing, Heating and Air Conditioning	235	29	11
1799	Miscellaneous Special Trade Contracts	185	34	15
2751	Commercial Printing	321	25	9
5064	Electrical Appliances	211	27	7
5699	Miscellaneous Apparel and Accessory Stores	735	72	31
5199	Miscellaneous Nondurable Goods	123	20	7
5411	Grocery Stores	371	195	5
5531	Auto and Home Supply Stores	379	30	2
5541	Gasoline Service Station	491	*	*
5712	Furniture and Home Furnishing Stores	611	39	13
5731	Radio, Television, and Music Stores	235	15	3
5812	Eating and Drinking Places	2,015	389	132
5921	Liquor Stores	277	*	*
5931	Used Merchandise Stores	279	*	*
5947	Miscellaneous Shopping Goods Stores	979	444	3

Table 4 (continued)

SIC	Description	No. of Selected Firms	No. Between 25 to 499 Employees	No. of Firms Meeting all Criteria
5999	Retail Stores not otherwise classified	651	19	3
6411	Insurance Agents, Brokers Services	987	90	7
6512	Real Estate Agent and Managers	1,691	45	2
7011	Hotels, Motels, Tourist Courts	255	79	27
7213	Laundry, Cleaning, and Garment Services	416	45	16
7231	Beauty Shops	663	*	*
7241	Barber Shops	317	*	*
7299	Miscellaneous Personal Services	329	*	*
7339	Mailing, Reproduction, Stenographic	177	57	4
7399	Miscellaneous Business Services	1,231	109	43
7539	Automotive Repair Shops	789	16	5
7699	Miscellaneous Repair Shops	257	28	3
7831	Motion Pictures	178	*	*
8200	Education Services	778	*	*

* Indicates those not included in data search due to lack of firms meeting criteria.

3. Potential Demand: Responses to Question 4 of the research instrument were tallied to provide answers about growth in potential demand for the SBA services.

4. Priority of Demand: Responses to Question 5 form the basis for the determination of the priority of each type of assistance. The method used for this determination was the Delphi Technique (Consensus Forecasting.) From the initial responses of 97 small businesses, it was found that opinions were divided as to the most important and useful type of assistance available from the SBA.

This result was mailed back to all the 97 respondents, including a letter of appreciation for their time and further cooperation. A definition of the items and an explanation of the results were also sent to each respondent, requesting him to reconsider his previous opinion. Only 73 responses were obtained.

Over a period of six days a large number of those respondents were contacted by phone and asked why they thought a particular type of assistance had more priority than the others. The argument of each group was noted and included in a general report which was mailed to the 73 respondents asking each to rethink his decision in the light of the other people's reasoning. Fifty-nine responses out of the 73 formed the basis of the final consensus.

The method used in this analysis took three basic elements into account:

1. Initial Response: This is achieved by eliciting opinions from participants by a formal questionnaire.

2. Iteration and Control Feedback: Opinions and decisions are reached individually, then refined and defended after taking others'

argument into account resulting in a form of recycling opinions and responses.

3. Statistical Group Response: The group opinion is defined as an appropriate aggregate of individual opinions on the final round.

These features were designed to minimize the biasing effects of dominate individuals, of the relevant communications, and of group pressure toward conformists.

Research Assumptions and Delimitations

Research Assumptions

Three assumptions are made in respect to this research:

1. Use of selective SIC codes and the restriction of survey participants to top executives of the firm, provide a high degree of selectivity and introduce considerable randomness in the sample population.

2. The descriptive survey method and modified Delphi Technique (Consensus Forecasting) are valid approaches for the study of the research problems.

3. Considering the significance of the Small Business Community in the American Economy and the enormity of the problems facing small business, it was assumed that any study aimed at solving some of those problems would be socially significant.

Delimitations

For the purpose of this investigation, the following delimitations were made: The study was limited to the types of assistance available from the Small Business Administration and the demand

determinants for this service in the opinion of small businesses. Determination of sectoral demand for services by minorities, women, or any other groups was beyond the scope of the study, though such concerns could be legitimate topic of other studies. The survey was further limited to small businesses in southern California. It was concerned with past and current patterns in the administration of those assistance programs in the belief that understanding past patterns can be employed to explain or predict future trends. It did not concern itself with analyzing the pros and cons of the SBA efforts, but to understand those efforts as they are.

Summary

A restatement of the problem introduced the chapter, followed by a description of the data gathering instruments used. The collection of data, with a description of the data source and the criteria established for that data source, was discussed. A pilot study used to determine the validity of the research instrument was discussed and the adjustments made as a result of that study were described. Next, the compilation procedure used for the study was reviewed. Analysis of the data gathered was described and the method of arriving at a consensus was discussed. Lastly, the assumptions made and the delimitations were presented.

Chapter 4

FINDINGS

The survey of Kind and Priority of Assistance Demanded by Small Business from the Small Business Administration (SBA) was administered to 300 small business operations; ninety-seven responded. This chapter focuses on the findings developed as a result of the survey. The study addressed three research questions:

Question 1. What kind of assistance is in greatest demand by small businesses from the Small Business Administration?

Question 1(a). What is the potential for demand growth of the assistance available to small business from the Small Business Administration?

Question 1(b). What is the priority of each type of assistance demanded?

The survey instrument was comprised of twenty-eight types of services. Of these types of services, direct loans from SBA and guaranty loans from other lenders were most frequently identified by the respondents as being very important when selecting types of services offered by the SBA. These, as well as other services demanded, are presented in tabular form. The types of services listed in each table are placed in rank order, based on the ninety-seven respondents who indicated that the particular type of services was one which they perceived to be very important. Each of the tables presented will be discussed.

Question 1

The first question addressed by this study was: What kind of assistance is in greatest demand by small businesses from the Small Business Administration?

Decisions Made by Each Respondent

Table 5 shows the twenty-eight types of services available for small businesses from the Small Business Administration. Table 6 presents the demand range for types of services as indicated by the respondents. The greatest number of respondents, thirty-six, demanded only one type of service while the second greatest number of respondents, eighteen, made no demands at all. Seventeen respondents requested two types of services; eleven respondents requested four types of services; seven requested five types of services; four requested three types of services; one respondent requested nine types of services; one respondent requested thirteen types of services; and one respondent requested a total of twenty-five different types of services.

Summary of Decisions Made by the Respondents

Table 7 presents the summary of decisions made by the respondents in three classes: financial assistance programs, management assistance programs, and procurement assistance programs respectively.

Financial assistance, having 73.2 percent of the respondents, was the most frequently selected class of service, followed by management assistance programs with 23.0 percent and procurement

Table 5

Twenty-nine Types of Services
Available for Small Business
from the Small Business
Administration

Direct Loans from SBA

Guaranty Loans from Other Lenders

Economic Opportunity Loans

Local Development Company Loans

State Development Loans

Pool Loans

Small General Contractor Loans

Contractors Line of Credit Guarantees

Seasonal Line of Credit Guarantees

Energy Loans

Displaced Business Loans

Handicapped Assistance Loans

Product Disaster Loans

Base Closing Economic Injury Loans

Strategic Arms Economic Injury Loans

Emergency Energy Shortage Loans

Regulatory Economic Injury Loans

Economic Dislocation Loans

Physical Damage Natural Disaster Recovery Loans

Pollution Control Financing

Surety Bonds

Business Management Courses

Table 5 (continued)

Management Conferences, Workshops and Problem Clinics
Personal Counseling from SBA Representatives
International Trade Counseling and Training
Management, Marketing and Technical Publications
Federal Contract or Subcontract through SBA Intervention
Certificate of Competency (COC) for Federal Contractors
Technology Assistance Officers (TAOs)

Table 6
 Number of Types of Service Demanded
 by Small Business
 Operations

Number of Respondents	Percent of Total Respondents	Number of Types of Service Demanded
36	45.6	1
18	22.0	0
17	21.5	2
11	13.9	4
7	8.9	5
4	5.1	3
1	1.3	6
1	1.3	9
1	1.3	13
1	1.3	25

Table 7
Summary of Frequency of Demand
by Class of Service
for Small Business Administration Services
by Small Business Operations

Class of Services	Frequency of Demand	Percent of Respondents
Financial Assistance Programs	58	73.2
Management Assistance Programs	18	23.0
Procurement Assistance Programs	3	3.8

assistance programs with only 3.8 percent.

Financial Assistance Programs
Response by Each Respondent

The initial response of the respondents concerning financial assistance programs which are recorded in Table 8 represent choices ranging from 34.2 to 1.3 percent of the respondents. A total of fifty-eight respondents participated in this survey. The highest percentage of the respondents, 34.2 percent, demanded financial assistance services twice. The second highest percentage, 22.0 percent, demanded such service only once; 6.3 percent of the respondents demanded this class of service four times; 5.1 percent demanded service three times; 1.3 percent of the respondents demanded financial assistance service five times; another 1.3 percent demanded service five times; another 1.3 percent demanded service six times; and another 1.3 percent demanded this service nine times; and yet another 1.3 percent demanded this service nineteen times.

Management Assistance Programs
Response by Each Respondent

The responses to the inquiry concerning management assistance programs are recorded in Table 9. Only eighteen respondents participated in this section of the survey. Here the highest percentage of the total respondents, 12.7 percent, requested management assistance services only once. The second highest percentage of respondents, 6.3 percent, demanded services of the management assistance programs two times; 2.5 percent of respondents sought management assistance four times and 1.3 percent sought assistance five times.

Table 8
 Summary of Financial Services Demanded of
 the Small Business Administration by
 Small Businesses

Number of Respondents	Percent of Total Respondents (n = 97)	Number of Services Demanded
18	22.8	2
17	21.5	1
5	6.3	4
4	5.	3
1	1.3	5
1	1.3	6
1	1.3	9
1	1.3	19

Table 9
 Summary of Management Services Demanded of
 the Small Business Administration by
 Small Businesses

Number of Respondents	Percent of Total Respondents (n = 97)	Number of Services Demanded
10	12.7	1
5	6.3	2
2	2.5	4
1	1.3	5

Procurement Assistance Programs
Response by Each Respondent

The responses of the survey participants to the procurement assistance programs of the Small Business Administration are recorded in Table 10. Of the three classes of services--financial assistance, management assistance, and procurement assistance--procurement assistance services were the least utilized by the respondents. Only three respondents indicated that they had requested these services. Two of the respondents indicated that they had requested such services only once; the third respondents had requested the services of this kind of program two times.

Table 10

Summary of Procurement Services Demanded of
the Small Business Administration by
Small Businesses

Number of Respondents	Percent of Total Respondents (n = 97)	Number of Services Demanded
2	2.5	1
1	1.3	2

Frequency of Demand for SBA Services

The responses of the survey participants to the items concerned with frequency of demand are reported in Table 11. From the ninety-seven responses obtained, sixteen firms reported having requested guaranty loans from other lenders, and fourteen firms reported having requested direct loans from SBA. The next most frequently requested service, with six requests, was for management, marketing and technical publications followed in rank order by five requests for management conferences, workshops and problem clinics; three requests each for physical damage natural disaster recovery loans and personal counseling from the SBA representatives and two requests each for the following services: economic opportunity loans, local development company loans, contractor line of credit guarantees, seasonal line of credit guarantees, displaced business loans, handicapped assistance loans, business management courses, economic dislocation loans, international trade counseling and training, and certificate of competency (COC) for federal contracts. Only one request was made for each of the following services: state development loans, pool loans, energy loans, product disaster loans, energy shortage loans, regulatory economic injury loans, pollution control financing and federal contract or subcontract through SBA intervention. For base closing economic injury loans; strategic arms economic injury loans; and surety bonds, there were no requests made by any of the respondents.

Overall, of the seventy-nine requests for assistance, loans, in one form or another, constituted a major portion, 73.2 percent, of requests for SBA services. Requests for educational assistance programs was second in order of demand with 22.0 percent. Procurement assistance

Table 11
 Frequency of Demand for All Small Business
 Administration Service by Small
 Business Operations

Type of Services	Frequency of Demand (n = 97)
Guaranty Loans from Other Lenders	16
Direct Loans from SBA	14
Management, Marketing and Technical Publications	6
Management Conferences, Workshops and Problem Clinics	5
Physical Damage Natural Disaster Recovery Loans	3
Personal Counseling from the SBA Representatives	3
Economic Opportunity Loans	2
Local Development Company Loans	2
Small General Contractor Loans	2
Contractor Line of Credit Guarantees	2
Seasonal Line of Credit Guarantees	2
Displaced Business Loans	2
Handicapped Assistance Loans	2
Business Management Course	2
Economic Dislocation Loans	2

Table 11 (continued)

Type of Services	Frequency of Demand (n = 97)
International Trade Counseling and Training	2
Certificate of Competency (COC) for Federal Contracts	2
State Development Loans	1
Pool Loans	1
Energy Loans	1
Product Disaster Loans	1
Energy Shortage Loans	1
Regulatory Economic Injury Loans	1
Pollution Control Financing	1
Federal Contract or Subcontract Through SBA Intervention	1
Base Closing Economic Injury Loans	0
Strategic Arms Economic Injury Loans	0
Surety Bonds	0

at 3.8 percent played a very minor role in small firm demand for SBA services.

Question 1(a)

The second question addressed by this study was: What is the potential for demand growth of the assistance available to small businesses from the Small Business Administration?

The responses to this question, concerning the potential demand growth for SBA services, is presented in Tables 12 and 13. Ninety-seven firms responded to this survey. Table 12 indicates the range of respondent's awareness of the services offered by the SBA. The level of awareness was lowest for the strategic arms injury loans program for which eighteen respondents indicated a lack of awareness. The most visible service of SBA among the ninety-seven respondents was the direct loan program. Only one respondent indicated a lack of awareness of this program. Seventeen respondents indicated a lack of awareness of the surety bond program; sixteen, a lack of awareness of regulatory economic injury loan. Pool loans and displaced business loans were indicated by fifteen respondents each as being programs of which they were unaware; energy loans, economic dislocation loans, and emergency energy shortage loans, by fourteen respondents each. Product disaster loans and local development company loans were each unknown to thirteen respondents. Following in rank order seasonal line of credit guarantees, unknown to twelve respondents and contractor line of credit guarantees also unknown to twelve respondents. Eleven respondents reported that they were unaware of the state development loans program; ten, that they were unaware of base closing economic

Table 12

Awareness of Services: Frequency of
Lack of unaware for Small Business
Administration Services by
Small Business
Operations

Type of Services Provided by SBA	Frequency of Respondents (n = 97)
Strategic Arms Economic Injury Loans	18
Surety Bonds	17
Regulatory Economic Injury Loans	16
Pool Loans	15
Displaced Business Loans	15
Energy Loans	14
Economic Dislocation Loans	14
Emergency Energy Shortage Loans	14
Product Disaster Loans	13
Local Development Company Loans	13
Seasonal Line of Credit Guarantees	12
Contractor Line of Credit Guarantees	12
State Development Loans	11
Base Closing Economic Injury Loans	10
Certificate of Competency (COC) for Federal Contracts	8
Federal Contract or Subcontract Through SBA Intervention	8
Personal Counseling from SBA Representatives	8

Table 12 (continued)

Type of Services Provided by SBA	Frequency of Respondents (n = 97)
Pollution Control Financing	8
Handicapped Assistance Loans	7
Small General Contractors Loans	7
Economic Opportunity Loans	6
Business Management Courses	6
International Trade Counseling and Training	6
Physical Damage Natural Disaster Recovery Loans	5
Management, Marketing and Technical Publications	4
Management Conferences, Workshops and Problem Clinics	4
Guaranty Loans from Other Lenders	2
Direct Loans from SBA	1

Table 13

Potential Growth: Frequency of Demand for
All Small Business Administration
Service by Small Business
Operations

Type of Services Provided by SBA	Frequency of Demand (n = 97)
Guaranty Loans from Other Lenders	11
Direct Loans from SBA	7
Business Management Courses	6
Management, Marketing and Technical Publications	5
Economic Opportunity Loans	3
Management Conferences, Workshops and Problems Clinics	3
International Trade Counseling and Training	3
Federal Contract or Subcontract through SBA Intervention	3
Local Development Company Loans	2
Small General Contractor Loans	2
Seasonal Line of Credit Guarantees	2
Personal Counseling from SBA Representatives	2
Certificate of Competency (COC) for Federal Contracts	2
State Development Loans	1
Contractor Line of Credit Guarantees	1
Displaced Business Loans	1

Table 13 (continued)

Type of Services Provided by SBA	Frequency of Demand (n = 97)
Pollution Control Financing	1
Surety Bonds	1
Pool Loans	0
Energy Loans	0
Handicapped Assistance Loans	0
Product Disaster Loans	0
Base Closing Economic Injury Loans	0
Strategic Arms Economic Injury Loans	0
Energy Emergency Shortage Loans	0
Regulatory Economic Injury Loans	0
Economic Dislocation Loans	0
Physical Damage Natural Disaster Recovery Loans	0

injury loans. Eighteen respondents each replied that they were unaware of the following programs: certificate of competency (COC) for federal contracts, federal contract or subcontract through SBA intervention, personal counseling from SBA representatives. Seven respondents indicated a lack of awareness of handicapped assistance and another seven indicated a lack of awareness of small general contractor loans. Three programs, the economic opportunity loan program, the business management courses program, and the international trade counseling and training program were identified as being unknown to six respondents each. Five respondents were unaware of physical damage natural disaster recovery loans; four were unaware of the availability of management, marketing and technical publications; another four were unaware of management conferences, workshops and problem clinics offered from the SBA. Almost as visible as the SBA direct loan program mentioned earlier was the guaranty loan programs. As compared to the only one respondent who indicate a lack of awareness of the direct loan program, guaranty loans from other lenders were unknown to two respondents.

Potential Growth in Demand for SBA Services

Table 13 indicates that the potential demand for guaranty loans from other lenders proved to be highest among the twenty-eight services offered by the SBA. This service was selected eleven times by the respondents. The direct loans program from SBA was selected seven times by the respondents as having a potential for demand. The third most often selected service for potential demand was the business management courses program, selected six times. This service was followed by management, marketing and publications, selected five times by the respondents. The following services were each selected three

times by the respondents: economic opportunity loans; management conferences, workshops and problem clinics; international trade counseling and training; and federal contract or subcontract through SBA intervention. Selected two times each were local development company loans, small general contractor loans, seasonal line of credit guarantees, personal counseling from SBA representatives, and certificate of competency (COC) for federal contracts. State development loans, contractor line of credit guarantees, pollution control financing, and surety bonds were each selected one time by respondents. Ten services offered by the SBA were viewed as having no potential demand. They were pool loans, energy loans, handicapped assistance loans, product disaster loans, base closing economic injury loans, strategic arms economic injury loans, energy emergency shortage loans, economic dislocation loans, and physical damage natural disaster recovery loans.

Question 1(b)

Third question of this study was: What is the priority of each type of assistance demanded?

Priority of Services

The responses to this section of the survey are presented in Tables 14 and 15. Table 14 represents the basic opinions of the ninety-seven small firms without benefit of arguments and reasoning from one another. Table 15 shows the final results of the survey.

Initial Consensus

Table 14 shows the initial responses by the small firms to the types of services most selected. Those services most frequently

selected, 23, 21, and 17 times respectively, were guaranty loans from other lenders, small general line of credit guarantees, and direct loans from SBA. The next most frequently selected types of services were physical damage natural disaster recovery loans, selected by 11 respondents; handicapped assistance loans, selected by 9 respondents; management conferences, workshops and problem clinics, selected by 5 respondents; contractor line of credit guarantees, selected by 4 respondents; seasonal line of credit guarantees, selected by 3 respondents; energy loans, selected by 3 respondents; personal counseling from SBA representatives, selected by 2 respondents; dislocation business loans, selected by 2 respondents; regulatory economic injury loans, selected by 1 respondent, marketing and technical publications which was selected by 1 respondent. The final fourteen types of services were not selected by any of the ninety-seven respondents. These were economic opportunity loans, local development company loans, state development loans, pool loans, base closing economic injury loans, strategic arms economic injury loans, emergency energy shortage loans, economic dislocation loans, pollution control financing, surety bonds, business management courses, international trade counseling and training, federal contract or subcontract through SBA intervention, and certificate of competency (COC) for federal contracts.

Final Consensus

The final consensus of the survey is recorded in Table 15. Fifty-nine respondents participated in this study. The respondents selected only five of the twenty-eight services available from SBA. The following services were selected: guaranty loans from other lenders,

selected by 17 respondents; small general contractor loans, selected by 15 respondents; direct loans from SBA, selected by 14 respondents; physical damage natural disaster recovery loans, selected by 9 respondents; and handicapped assistance loans, selected by 4 respondents. The following services were selected by none of the respondents: economic opportunity loans, local development company loans, state development loans, pool loans, contractor line of credit guarantees, seasonal line of credit guarantees, energy loans, displaced business loans, product disaster loans, base closing economic injury loans, strategic arms economic injury loans, emergency energy shortage loans, regulatory economic injury loans; economic dislocation loans; pollution control financing; surety bonds; business management courses; management conferences, workshops and problem clinics; personal counseling from SBA representatives; international trade counseling and training; management, marketing and technical publications; federal contract or subcontract through SBA intervention; and certificate of competency (COC) for federal contracts.

It is apparent from the data that small firms believe that loans from other sources guaranteed by the SBA represent the most useful and important service rendered by the agency. This service is followed, in order of decreasing priority, by general contractor loans, direct loans, physical damage natural disaster recovery loans, handicapped assistance loans, and management conferences, workshops and problem clinics.

Table 14

Priority of Services-Initial Consensus:
 Frequency of Demand for All Small
 Business Administration Service
 by Small Business
 Operations

Type of Services Rendered by SBA	Frequency of Respondents (n = 97)
Guaranty Loans from Other Lenders	23
Small General Line of Credit Guarantees	21
Direct Loans from SBA	17
Physical Damage Natural Damage Recovery Loans	11
Handicapped Assistance Loans	9
Management Conferences, Workshops and Problem Clinics	5
Contractor Line of Credit Guarantees	4
Seasonal Line of Credit Guarantees	3
Energy Loans	3
Product Disaster Loans	3
Personal Counseling from SBA Representatives	2
Dislocation Business Loans	2
Regulatory Economic Injury Loans	1
Management, Marketing and Technical Publications	1
Economic Opportunity Loans	0
Local Development Company Loans	0
State Development Loans	0

Table 14 (continued)

Type of Services Rendered by SBA	Frequency of Respondents (n = 97)
Pool Loans	0
Base Closing Economic Injury Loans	0
Strategic Arms Economic Injury Loans	0
Emergency Energy Shortage Loans	0
Economic Dislocation Loans	0
Pollution Control Financing	0
Surety Bonds	0
Business Management Courses	0
International Trade Counseling and Training	0
Federal Contract or Subcontract through SBA Intervention	0
Certificate of Competency (COC) for Federal Contracts	0

Table 15

Priority of Services-Initial Consensus:
 Frequency of Demand for All Small
 Business Administration Services
 by Small Business
 Operations

Type of Services Rendered by SBA	Frequency of Respondents (n = 59)
Guaranty Loans from Other Lenders	17
Small General Contractor Loans	15
Direct Loans from SBA	14
Physical Damage Natural Disaster Recovery Loans	9
Handicapped Assistance Loans	4
Economic Opportunity Loans	0
Local Development Company Loans	0
State Development Loans	0
Pool Loans	0
Contractor Line of Credit Guarantees	0
Seasonal Line of Credit Guarantees	0
Energy Loans	0
Displaced Business Loans	0
Product Disaster Loans	0
Base Closing Economic Injury Loans	0
Strategic Arms Economic Injury Loans	0
Emergency Energy Shortage Loans	0
Regulatory Economic Injury Loans	0

Table 15 (continued)

Type of Services Rendered by SBA	Frequency of Respondents (n = 59)
Economic Dislocation Loans	0
Pollution Control Financing	0
Surety Bonds	0
Business Management Courses	0
Management Conferences, Workshops and Problem Clinics	0
Personal Counseling from SBA Representatives	0
International Trade Counseling and Training	0
Management, Marketing and Technical Publications	0
Federal Contract or Subcontract through SBA Intervention	0
Certificate of Competency (COC) for Federal Contracts	0

Summary

In this chapter, data were presented in an attempt to answer the research questions and validate the assumptions made in respect to the study. The research questions were restated and following the research questions, data were presented showing the assistance efforts of the SBA that are in greatest demand, the frequency of demand for those services, and the likely potential growth in demand for SBA services, as well as the priority of each type of assistance offered by the SBA.

The type of assistance most in demand from SBA proved to be those programs of financial assistance. The second most requested assistance programs were the management assistance programs, and the third and least often requested services were those in the area of procurement assistance.

In terms of visibility, the program of which the greatest number of respondents were aware was the direct loan program. The program having the least visibility, the one about which the greatest number of respondents indicated having no knowledge, was the surety bond program. Though the respondents indicated a greater awareness of the direct loan program, the guaranty loan program was selected as the one with the highest potential for growth in demand.

According to the respondents, the most useful service that the SBA offers is the guaranty loan program. The least useful, as perceived by the respondents, is the program which offers workshops and problem clinics.

Chapter 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents a summary of the studies, conclusions from the research, and recommendations for further study. The chapter is subdivided into three sections:

1. **Summary:** This section presents a brief summary of the survey from the statement of the research problems.

2. **Conclusions:** Answers are provided for the research questions with support from the research questions with support from the research findings. The findings are related to the existing literature and the context of the research. This section also discusses the implications and applications of the research findings; an evaluation of the research was made to highlight its strengths and weaknesses.

3. **Recommendations:** This section discusses some of the current problems of the SBA that emerged from the study and also makes recommendations for further research.

Summary

The study addressed some of the types of services perceived to be most important by small business operations in the selection of type of services rendered by the Small Business Administration (SBA). The twenty-eight types of services most frequently selected by the small business operations were identified.

The Research Problems

The purpose of the study was to determine what kind of assistance, available from the Small Business Administration, are in the greatest demand, the potential growth of these demands, and the priority of each type of assistance. The study had as its objective, therefore, the identification of the types of services perceived to be the most important by the respondents who participated in selecting for assistance from the SBA. The investigation addressed three questions:

Question 1. What kind of assistance are in the greatest demand by Small Businesses from the Small Business Administration?

Question 1(a). Is there any potential growth in demand of the assistance available to Small Business from the Small Business Administration?

Question 1(b). Is there a priority in the type of assistance demanded?

The Research Approach

The study utilized a descriptive elemental and the Delphi Technique (Consensus Forecasting) (normative) approach based on opinion data gathered by means of a twenty-eight items questionnaire constructed and administered by mail. Demand for the SBA services is common knowledge, but a more detailed insight into the nature of this demand is needed; hence the accumulation of the data base was solely descriptive. It did not necessarily seek or explain relationships, test hypotheses or make predictions.

Criteria for Data Sources

The special requirements of a descriptive study demanded that the researcher follow an orderly and systematic feedback procedure, and also display a good understanding of the terminology of the general subject area covered. Other criteria established for the study were:

1. Firms selected for the study must be located in southern California.
2. The firms selected must be small businesses. They had to conform to the number-of-employee requirement of between 25 to 499. To ensure that division of large national companies were not included, selected firms were checked out by using a list provided by the Southern California Business Directory and Buyers Guide.
3. The data from each firm must come directly from the highest executive officer of the company, owner, president or general manager.

Review of Selected Literature

A discernible feature of much of the literature on the SBA is that it becomes obsolete soon after it is published. This reflects the great evolutionary developments in the agency, which has grown both in philosophy and scope beyond the initial situations which brought it into existence. A second feature of the agency's programs is the dominant participation of private sources relative to government involvement. Much of the literature stresses the fact that the SBA programs are not welfare or charity activities. The programs have to have positive cost/benefit impact on the general economy in order to continue; but the overriding impression is, like most Federal supported

programs, that the SBA is inefficiently administered.

Method

The survey questionnaire was employed in the study of Question 1 and 1(a); and the Delphi Techniques or Consensus Forecasting was employed in the study of Question 1(b). The Delphi Technique was developed by Messrs Dalkey and Welmer of the Rand Corporation, for the forecasting of time-related future events. Use of the technique has found much application in opinion polling. The technique involves the repeated (iterative) consulting with numbers of persons as to their best judgement as to when, or if, a specified event is likely to occur, and providing them with systematic feedback reports as to totality of judgement rendered by the group. The responses of all participants are assembled and returned to each participant, inviting him to reconsider and offer any defense he may have on an estimate that seems out of line with others made by the group.

Collection of Data

The data base of the study was small business firms in the southern California area. Firms were from selected Standard Industrial Classification (SIC) Codes. The person within each firm to whom the request for data was addressed was either the owner, president, or general manager. A twenty-eight items instrument (Appendix A) and a transmittal letter (Appendix B) administered by mail were used in the data gathering process. A total of ninety-seven small business operations participated in the study. The instrument's format allowed the participants to respond to each item in five columns. A tally sheet was used to record the responses.

Analysis of Data

The collected data were sorted according to SIC code.

Analysis of the initial ninety-seven responses was conducted as follows:

The responses were organized around the questions in the survey instrument; they fall into four categories:

1. Frequency of demand
2. Awareness of service
3. Potential growth of demand
4. Priority of demand

The data were tallied; then the initial result from this was the starting point of the consensus forecasting process to determine the priority of each type of assistance rendered from the SBA for small business operations.

Findings

The assumptions made in respect to the study were validated by the findings from the survey. Specifically, the findings established the demand for SBA loan services as greater than any other type of assistance; they also indicated that demand for direct and guaranteed loans will remain high; the highest potential growth in demand will occur in the area of management, technical and procurement assistance programs. Despite the long period of time over which the SBA has been in existence, much of its services are relatively unknown; and the few programs that are known are overused. Also there is no absolute unanimity regarding the priority of each type of assistance.

Conclusions

The Research Questions

One main and two subquestions were addressed in this study. The conclusions from the findings in respect to these questions follow:

Question 1. What kind of assistance is in greatest demand by small businesses from the Small Business Administration (SBA)?

Ninety-seven small business operations participated in the study. The four most frequently selected types of services chosen from 16 to 5 times by all the small business operations surveyed were: guaranty loans from other lenders; direct loans from SBA; management, marketing and technical problems; and management conferences, workshops and problem clinics.

The dominance of loans in the SBA assistance programs is a carry-over of the initial philosophy that created the agency. At the beginning, the emphasis was on helping the small business person to "get into business." Currently the emphasis is not only on "getting people into business" but also in having them "stay in business." To do this calls for more than financial assistance. It requires managerial and technical skills. It must be seen as a negative commentary on the efficiency and effectiveness of the agency that this change in philosophy has not been sufficiently internalized in their assistance efforts.

Question 1(a). Is there any potential growth in demand of the services available to small businesses from the Small Business Administration?

Fifty-five small business operations participated in the

study. The four most frequently selected types of services chosen by 11 to 5 times of all the small business operations were: guaranty loans from other lenders; direct loans from SBA; business management courses; and management, marketing and technical publications.

The findings are that demand for SBA services is bound to remain high in the future. A noticeable shift may take place in the type of services demanded. Loans, in general, may not continue to dominate the assistance efforts of the SBA as it has in the past. Management, technical and procurement assistance programs will experience a dramatic growth. It is further concluded that forty-five percent of the future requests for assistance from the SBA will consist of management, technical and procurement assistance programs.

This situation is a reflection of the following trends now discernible from the agency's activities: There is an increasing number of new programs being authorized by Congress, which involve the agency, to help small firms in meeting the standards set by federal laws; there is a developing secondary market program, by which a major portion of the loans are provided by private sources with the SBA guarantee.

Question 1(b). Is there a priority in the type of assistance demanded?

Fifty-nine small business operations participated in this study. The four most frequently selected type of services chosen by 17 to 9 times of all the small businesses were: guaranty loans from other lenders; direct loans from SBA; small general contractor line of credit; and physical damage natural disaster recovery loans.

The finding is that the business persons surveyed regard

guaranty loans from other lenders and direct loans from SBA as the most valuable and important services rendered by the agency. The findings also showed that many small business operations are unaware of the full range of services or the types of assistance provided by the SBA.

There is a very high correlation between frequency of demand and awareness of the available types of assistance. Evidently, demand is skewed. There is an apparent overuse of the services most generally known, and little interest shown for those services that are either relatively unknown or those that were mandated recently.

Findings Related to the Context and Literature

Considering the context of this study, the findings set it apart from the earlier studies. Past research into SBA activities concentrated on the cost benefit analysis of the individual programs. The present documents consider justification of each program beyond the jurisdiction of the SBA; this task belongs to the Congress. Of more immediate concern to the SBA should be how to administer these programs much more effectively in order to realize the original objectives that prompted the mandate for those programs.

Fifty percent of all small businesses still fail despite the massive programs designed to aid small business operations. No significant difference has been determined regarding the failure rate of firms that employ SBA assistance and those that do not. This situation is reflected in the conclusion from the findings: that more and more small firms will be demanding management, technical and procurement assistance programs than have been before. The emphasis in SBA efforts should change accordingly from financial assistance to management

assistance programs.

Implications and Applications

Considering the large number of people that have secured employment with small business operations and the revenue to the government in form of taxes, the objectives that prompted the creation of the SBA must be considered noble and economically sound. A majority of Americans work for small businesses. The link in the economic chain would be broken if this sector of the nation's economy were allowed to flounder. In this regard, findings from the survey have several implications. The most obvious is the failure of the SBA to follow through after a loan has been granted to a small business. It would be prudent to continue monitoring and counseling the small business to ascertain that the funds are wisely applied. The great number of business failures that obtained additional funds is evidence of the fact that merely throwing money at the problems does not resolve those problems. A related factor is the emphasis given to the administration of those programs. Too much attention has been paid to the strictly loan programs in the past as compared to the non-loan assistance efforts. The findings disclose that more and more businesses lack the managerial and technical skills necessary to make them successful. They are becoming gradually aware of this shortcoming, and future requests for SBA assistance will reflect this shift in emphasis. Accordingly, the SBA should design new services to anticipate this shift. Some critics have charged that the SBA and its massive assistance programs to aid small businesses represent an undue government intervention in the marketplace, and is therefore anticompetitive. The findings disclose

a contrary situation. The agency intervened in the first place because small businesses were discriminated against commercial lenders. Small businesses are usually handicapped by "safety factor" considerations--the critical element commercial lenders usually evaluate before making a loan. It must also be admitted that the creation of the SBA is in part a matter of social policy in which non-economic priorities are given higher weight than economic allocational efficiency.

Evaluation of the Research

The central position that the Small Business Administration occupies in the American economy makes it a fruitful subject for study. The study was largely historical in perspective, and operating from that hindsight, the context, nuances and the total environment of events in the foundation and evaluation of SBA cannot be recreated exactly. The statistics and figures give only a partial picture. This investigation is, therefore, limited in this respect. Furthermore, the brevity of the study does injustice to events that took decades to evolve and which involved not only the SBA, businesses and commercial lenders but also the United States Congress. The data sources that emerged from the application of the discriminant criteria gave consistently reliable data that supported one another, and thus enhanced the objectivity of the research. There is an inherent shortcoming with the research design. Small businesses cannot fruitfully be studied together with regard to their relative priorities because a priority item for one type of business may be totally irrelevant to another type of business. In the study of small businesses, therefore, the design should be sectorial or segmented by type.

Recommendations

The findings from the study highlight a number of problems. The most noteworthy are the apparent differences discernible in the problem of minority small businesses and others. Another significant element is that the problem of small businesses, in general, differ by type. Meaningful studies could be undertaken to determine: (a) what major problems face the nation's minority-owned small businesses; (b) what problems confront small businesses in manufacturing, retailing, wholesaling construction and so on; and (c) what specific problems face women entrepreneurs.

REFERENCES CITED

REFERENCES CITED

- Allen, Louis L. Starting and Succeeding in Your Own Small Business. New York: Grosset and Dunlop, Inc., 1967.
- Beach, G.L. and C.J. Huizenga. "The Differential Effects of Tight Money." The American Economic Review, Vol. 51, March 1961, pp. 52-80.
- Brown, Cochran and Norman Dalkey. The Delphi Method II: Structure of Experiment. Santa Monica, California: The Rand Corporation, 1969.
- Brown, Paul B. "The Empty Jelly Bean Jar." Forbes, January 18, 1982, pp. 70-71.
- Bunzel, John H. The American Small Businessman. New York: Alfred A. Knopf, 1962.
- Bureau of the Census. Minority-Owned Business. Washington, D.C.: United States Government Printing Office, 1969.
- Carson, Deane. The Vital Majority: Small Business in the American Economy. Washington, D.C.: United States Government Printing Office, 1973.
- Christensen, Roland C. Management Succession in Small and Growing Enterprises. Andover: Andover Press, Ltd., 1953.
- Dalkey, Norman C. Delphi and Decision-Making. Santa Monica, California: The Rand Corporation, 1972.
- Dun and Bradstreet, Inc. The Business Failure Record. New York: Dun and Bradstreet, Inc., 1972.
- Federal Reserve System. Financing Small Business. Washington, D.C.: United States Government Printing Office, 1958.
- Federal Report. Financing Small Business. Washington, D.C.: United States Government Printing Office, 1959.
- Hollander, Edward D. The Future of Small Business. New York: Frederick A. Praeger, 1967.
- Kaplan, Abraham David Hannath. Small Business: Its Place and Problems. New York: McGraw-Hill, 1948.
- Kerlinger, Fred N. Foundations of Behavioral Research, 2nd ed. New York: Holt, Rinehart and Winston, 1973.
- Kirschner Associates. Description and Evaluation of the Economic Opportunity Loan Program. New York: Urban American, Inc.

- Light, Ivan Hubert. Ethnic Enterprise in American Business and Welfare among Chinese, Japanese, and Black. Berkely: University of California Press, 1972.
- O'Neal, Hodge. "Minority Owners Can Avoid Squeeze-Out." Harvard Business Review, Reprint No. 63207, March-April, 1963.
- Osgood, William R. Basics of Successful Business Planning. New York: Amacom, 1980.
- Report of the Commission on Government Procurement, Vol. 1. Washington, D.C.: United States Government Printing Office, 1972.
- Richard, Tom. "Can the U.S. Chamber Learn to Think Small." Inc., New York: February, 1982, pp. 81-86.
- Schabacker, Joseph C. Strengthening Small Business Management. Washington, D.C.: United States Government Printing Office, 1976.
- Sellitz, Claire, et al. Research Methods in Social Relations. New York: Holt, Rinehart and Winston, 1959.
- Small Business Administration. Federal Handbook for Small Business. Washington, D.C.: Committee Print, 1962.
- Small Business Administration Report, Part I. Washington, D.C.: United States Government Printing Office, June, 1977.
- SBA's Procurement and Technical Assistance Programs. Washington, D.C.: United States Government Printing Office, 1978.
- Small Business Administration. What Does It Do? Washington, D.C.: United States Government Printing Office, 1977.
- The State of Small Business: A Report of the President. Washington, D.C.: United States Government Printing Office, 1982.
- Stegall, Donald P. Managing the Small Business. Illinois: Homewood, 1976.
- Tersine, Richard J. and Walter E. Rigeo. "The Delphi Technique---A Long Range Planning Tool." Business Horizons: 53, April, 1976.
- The United States Office of Economic Research of the SBA. Washington, D.C.: United States Government Printing Office, October, 1980.
- United States Small Business Administration. Your Business and the SBA. Washington, D.C.: United States Government Printing Office, 1980.
- United States Small Business Administration Report. A Threat to Small Business. Washington, D.C.: United States Government Printing Office, 1972.

U.S. Small Business, Vol. 1. Washington, D.C.: United States
Government Printing Office, 1977.

White, L.T. "Management Assistance for Small Business." Harvard
Business Review, Reprint No. 65413, July-August, 1965.

Zetterberg, Hans. Theory and Verification in Sociology. Ottawa, New
York: Bedminister Press, 1953.

OTHER REFERENCES

OTHER REFERENCES

- Abdlesmad, Moustfa H. and Alexander F. Kindling. "Why Small Businesses Fail." Advance Management Journal, 43, No. 2, 1978, pp. 24-32.
- Allen, Louis A. "Managerial Planning: Back to Basics." Management Review, Vol. 70, No. 4, April, 1981.
- Bell, Chauncey F. Cost-Effectiveness Analysis as a Management Tool. Santa Monica, California: Rand Corporation, 1964.
- Brannen, William H. Small Business Marketing. Chicago: American Marketing Association, 1978.
- Brink, Victor Zinn. Understanding Management Policy: Making It Work. New York: Amacom, 1978.
- Broom, Halsey N. Small Business Management, 3rd ed. Cincinnati: South-Western Publication Company, 1971.
- Coventry, William F. and Irving Burstiner. Management: A Basic Handbook. Englewood Cliffs, New Jersey: Prentice-Hall, 1977.
- Deeks, John. The Small Firms Owner-Manager: Entrepreneurial Behavior and Management Practice. New York: Praeger, 1976.
- Douglass, Merrill E. and Donna N. Douglass. Manage Your Time, Manage Your Work, Manage Yourself. New York: Amacom, 1980.
- Gross, Eugene L. Small Business Works! How to Compete and Win in the Free Enterprise System. New York: Amacom, 1977.
- Hailes, William D., Jr. and Raymond T. Hubbard. Small Business Management: Planning and Operating. New York: Litton Education Publication, Inc., 1977.
- Koontz, Harold. "The Management Theory Jungle." Academy of Management Journal, 4:174-88, December, 1964.
- Naumes, William. The Entrepreneurial Manager in the Small Business. Reading, MA: Addison-Wesley Publication Company, 1978.
- Newman, Louis E. "Advice for Small Company Presidents." Harvard Business Review, Reprint No. 59608, November-December, 1959.
- Ryan, F.A. Efficiency for Small Manufacturers. New York: Asia Publication House, 1962.
- Ross, Robertson M. History of American Economics, 3rd ed. New York: Hartcourt Brace Jovanovich, 1973.

- Rotch, William. Management of Small Enterprises, 2nd ed. Charlottesville: University of Virginia Press, 1967.
- Seidman, Paul J. "How to Save a Few Billion Dollars." Inc., Vol. 4, No. 2, 12-14, February, 1982.
- Shattuch, Mayo A. "Estate Planning for the Owner-Manager." Harvard Business Review, Vol. XXVIII, No. 3, May, 1950, pp. 103-109.
- Starchild, Adam. Business in 1980: A Look to the Future. Seattle: University Press of the Pacific, Inc., 1979.
- Stern, Howard H. Running Your Own Business: A Handbook of Fact and Information for the Small Businessman. San Francisco: W. Ritchie Press, 1976.
- Talpaert, Roger. "Looking in the Future: Management in the Twenty-first Century." Management Review, Vol. 70, No. 3, 21, March, 1981.
- Welsh, John A. and Jerry F. White. "A Small Business in Not a Little." Harvard Business Review, July-August, 1981.
- Wortman, Leon A. Successful Small Business Management. New York: Amacom, 1976.

APPENDICES

APPENDIX A
LETTER OF INQUIRY

7614 Willis Ave.
Van Nuys, CA 91405
September 11, 1981

Dear Sir:

Would you please take part in a survey to determine the kinds of assistance services currently in greatest demand from the Small Business Administration (SBA) and the potential growth in that demand. The results of this study may help in anticipating the needs of you--the businessman--and in formulating better policies to meet those needs.

Firsthand information from you and other top managers will help to make this determination. Won't you contribute your management experience by promptly completing the enclosed questionnaire? It will take only about five minutes of your time. A copy of the results will be mailed to you if you do indicate.

Thank you for your cooperation.

Sincerely,

Suda Engkaninan
Small Business Researcher

APPENDIX B
SURVEY INSTRUMENT

Below is a list of 28 types of assistance available to small businesses from the Small Business Administration (SBA).

In Column:

- 1) Mark (X) next to the services you have from the SBA, whether you received those services or not.
- 2) Write the number of times you have requested that service.
- 3) Mark (X) next to those services that you never knew existed.
- 4) Mark (X) next to those services which you are likely to request in the future.
- 5) Mark (X) next to the services that you think are the most important and useful to the small business person.

	1	2	3	4	5
1. Direct Loans from SBA					
2. Guaranty Loans from Other Lenders					
3. Economic Opportunity Loans					
4. Local Development Company Loans					
5. State Development Loans					
6. Pool Loans					
7. Small General Contractor Loans					
8. Contractors Line of Credit Guarantees					
9. Seasonal Line of Credit Guarantees					
10. Energy Loans					

	1	2	3	4	5
<u>11. Displaced Business Loans</u>					
<u>12. Handicapped Assistance Loans</u>					
<u>13. Product Disaster Loans</u>					
<u>14. Base Closing Economic Injury Loans</u>					
<u>15. Strategic Arms Economic Injury Loans</u>					
<u>16. Emergency Energy Shortage Loans</u>					
<u>17. Regulatory Economic Injury Loans</u>					
<u>18. Economic Dislocation Loans</u>					
<u>19. Physical Damage Natural Disaster Recovery Loans</u>					
<u>20. Pollution Control Financing</u>					
<u>21. Surety Bonds</u>					
<u>22. Business Management Course</u>					
<u>23. Management Conferences, Workshops and Problem Clinics</u>					
<u>24. Personal Counseling from SBA Representatives</u>					
<u>25. International Trade Counseling and Training</u>					
<u>26. Management, Marketing and Technical Publications</u>					
<u>27. Federal Contract or Subcontract through SBA Intervention</u>					
<u>28. Certificate of Competency (COC) for Federal Contracts</u>					