RETIREMENT PLANNING PRACTICES AMONG BLACK SMALL BUSINESS OWNERS

by

Lori S. Special

Thesis submitted to the faculty of the

Virginia Polytechnic Institute and State University

in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

IN

HOUSING, INTERIOR DESIGN AND RESOURCE MANAGEMENT

APPROVED:

[Signatures]

Ruth H. Lyttan, chair

Irene E. Leech

Elaine D. Scott

December 1995

Blacksburg, Virginia

Key words: Minority small business owners, retirement planning
Retirement Planning Practices of Black Small Business Owners

by

Lori S. Special

Ruth H. Lytton, Chairman

Housing, Interior Design, and Resource Management

(Abstract)

The Strumpel Behavioral Economic Model (1976) provided the conceptual framework for this study, along with the use of qualitative methodology proposed by McCracken (1988). Qualitative interviews were conducted with nine black small business owners in non-metropolitan central and southwestern Virginia.

Analysis of the data revealed a common definition among the respondents. Retirement was viewed as a time when one could no longer work due to physical or mental impairments—not a time of voluntary removal from the workforce.

Few formal arrangements had been made to provide for income during the period when these business owners could no longer work, while all had made plans for the disposition of the business upon their deaths. Social and cultural factors might have contributed to these small business owners' failure to adequately plan for retirement. These factors were expressed in four themes which emerged from the interviews: a definition of retirement, inter-racial prejudice, intra-racial prejudice, and mentors.
Prejudice by both whites and blacks within their communities had a negative effect on business earning. Mentors had an indirect relationship on retirement planning for these respondents. Contrary to the literature on minority small business owners, these respondents discussed the positive influence of mentors on their individual business practices and ethics -- if not retirement planning.

The need exists for financial planning educators and practitioners to assist this population in accepting retirement planning as a future goal, in view of their self-definition of retirement. Planning is necessary to insure accumulation of wealth and a means for that wealth to become retirement income. By recognizing the definition of retirement as stated by the respondents, financial planning educators have a unique opportunity to educate this population as to the need for retirement planning. Lastly, financial counseling and planning practitioners have an opportunity to enter a truly untapped market for their expertise by serving the black community, in general, and small business owners, in particular.
Acknowledgements

I would like to acknowledge those people who have encouraged, and supported me through the completion of this thesis and degree.

I would like to thank all of the members of my thesis committee for all of the support and prodding to get this work completed. To Dr. Ruth Lytton, thank you for all of your help and for your continued support throughout the entire time it took me to finish this thesis. You truly have the patience of Job. To Dr. Irene Leech, thank you so much for always being there when I needed someone to talk to and for helping me make the contacts for my interviews. Even with all of the irons you had in the fire, you still had the time to keep me motivated. To Dr. Elaine Scott, thank you for all of your encouragement and for helping me to see the light at the end of the tunnel.

I would like to thank Joyce Bandy for all of the behind the scenes help and encouragement she has given for the past few years. Thanks for never letting me quit.

To Pat, Leena, Clarke, Elizabeth, Liz, Vanessa, Charlotte, and Carol, thanks for being there to laugh with, sing with, cry on, and complain to. All of you are the best. Charles Lytton and Randy Leech, thanks for letting me borrow your wives and your homes and for making me laugh when I desperately needed it.

I would like to thank my dad and mom for their support and love. Daddy, I am a "woman, not a wimp." Karen, thanks for being there for me. Now that you are all grown up, you have been my support and encouragement. Thanks.
Finally, to Ken, who when this thesis was started was just a very good friend; thanks for the pushes, hugs, and help. They all meant the world to me.
# Table of Contents

## CHAPTER 1
Introduction ........................................................................................................... 1
- Statement of the Problem .......................................................... 6
- Conceptual Model ................................................................. 7
- Strumpel's Economic Behavior Model ........................................ 8
- Application of the Strumpel Model to Retirement Preparation .... 15
- Justification ............................................................................ 20
- Uses of the Study ................................................................. 23
- Limitations of the Study ......................................................... 24
- Delimitations of the Study ...................................................... 25
- Definitions .............................................................................. 26
- Organization of the Remainder of the Thesis ......................... 28

## CHAPTER 2
Review of Literature ....................................................................................... 29
- Objective Environment and Situation ........................................ 30
  - Type of Industry .................................................................. 31
  - Income .............................................................................. 32
  - Assets .............................................................................. 34
  - Education ........................................................................... 39
  - Summary of Objective Environment and Situation .............. 40
- Person Dimension ....................................................................... 41
  - Notions of Equity ............................................................... 41
  - Goals and Aspirations .......................................................... 42
  - Summary of Person Dimension ........................................... 43
- Subjective Well-being ................................................................. 43
  - Summary of Subjective Well-Being ...................................... 45
- Societal Discontent ..................................................................... 45
  - Dissatisfaction with Governmental Policies ....................... 46
  - Summary of Societal Discontent .......................................... 46
- Financial Planning for Retirement .............................................. 46
- Chapter Summary ...................................................................... 51

## CHAPTER 3
Methodology ................................................................................................. 54
- Step One-Review of Analytic Categories .................................... 54
- Step Two-Review of Cultural Categories ..................................... 55
- Step Three-Discovery of Cultural Categories ............................. 57
- Step Four-Discovery of Analytic Categories ............................... 59
- Chapter Summary ...................................................................... 62

## CHAPTER 4
Findings .......................................................................................................... 63
- Analysis of the Demographic Data ............................................. 63
List of Figures

Figure 1 .................................................................................................................. 9
Figure 2 .................................................................................................................. 11
Figure 3 .................................................................................................................. 16
CHAPTER 1

Introduction

Many people in the United States expect to retire at some point in their lives. They believe they are entitled to enjoy the leisurely years of retirement after all of their years of hard labor (Luciano, 1990). Furthermore, between 40 and 53 percent of Americans expect to collect a majority of their retirement income from the Social Security system (Aging America, 1989; Luciano, 1990; Ruhm, 1989). These same people who expect and want to retire, often do not seem to actively plan for their retirement.

Twenty-three percent of those who expect to retire save nothing and of the 77% of people who expect to retire, they save between 1% to 20% of their annual income for retirement (Luciano, 1990). These savings, however, are most often placed in non-growth financial instruments, such as savings accounts or certificates of deposit (Luciano, 1990).

Avoidance of financial risk is often associated with individuals in their late forties and early fifties. Some financial planners explain the risk avoidance behavior of this cohort as a function of being the offspring of parents who experienced the poverty of the Great Depression. This middle-aged generation is most likely the first in their families to have money to save for the future. These individuals have also learned from their parents to avoid risky investments and the stock market (Luciano, 1990; Wolozin, 1990). Safety and income, however, can still be achieved through diversification of investments. A mixture of growth investment instruments such as stocks and bonds, and
insurance instruments, such as annuities for tax sheltering purposes, are often recommended (Kess & Westlin, 1987).

Entrepreneurs and small business owners have a similar attitude toward risk, yet they often fail to perform the one task which will alleviate much of any risk -- they fail to plan. According to Arnoff and Ward (1990), entrepreneurs hate to plan. Most small businesses fail within the first two years of operation due to the failure of many entrepreneurs to devise an outline of business operations (Arnoff & Ward, 1990). Many entrepreneurs like to act and live in the present. Many business owners believe there is no need for a formal plan of action as long as some action is taken. This failure to plan for business activities extends to planning for retirement.

Retirement plans, according to Beam and McFadden (1988), are one of the most common employee benefits. The reason for the popularity of retirement plans is the U.S. is that the county's economy has shifted from agrarian to one that is industrial and service oriented. The social structure encourages small fragmented families, often leaving the elderly with no extended family in close proximity to care for their physical and fiscal needs. The small business owner, unlike most Americans, does not enter his or her place of employment with the knowledge that a retirement plan has already been established. For these reasons, it is doubly important for small business owners to make specific plans for their support during retirement.

Income during retirement can come from several sources. Subsequent employment after retirement, individual savings, Social Security benefits, SEPS, KEOGHS, or employer sponsored retirement plans can all provide
financial resources in retirement. The self-employed person can participate in any of these avenues, however, it does take planning.

Retirement income has been likened to a three-legged stool. The first two legs of the three-legged stool are fixed in place with no real involvement or planning on the part of the employee (Gallagher, 1988). The first leg of the stool is Social Security payments made after retirement. For the vast majority of those employed in America, Social Security is automatically withdrawn each pay period. The second leg of the stool, employer-sponsored pension programs, is developed with little or no input from the employee beyond remaining employed in the same firm long enough to become vested in the pension program. However, even these programs are being replaced by 401k and similar programs to which the employee must contribute in order for any retirement benefits to be realized. The third leg, which too many Americans are missing, is individual or personal savings (Davidson, 1989). This last leg, which includes investments and personal savings, is the leg which can often cause most workers difficulty.

The small business owner does not have the option of simply having to affix the third leg of his or her retirement stool. The small business owner is the employer, and often, the employee. In the dual role of employer and employed, it is important for the small business owner to take a pro-active stance toward retirement planning. All decisions regarding implementation of retirement plans must be handled by the owner. Decision making is very important, since the small business owner truly has only "one good leg to sit upon" -- Social Security. This is true especially since small business owners sometimes under
report their earnings in order to pay lower Social Security taxes, thereby receiving fewer benefit dollars in retirement.

Often business owners and entrepreneurs put off retirement planning, much like the rest of the country, until it is too late. Retirement planning is a decision making, planning, and implementation process. The retirement planning process entails setting goals regarding maintaining a certain standard of living and estimating and developing resources to meet those lifestyle goals. The process of retirement planning, ideally, begins when the business owner creates goals for the business within the business plan. Many small business owners, however, never factor retirement into the business goals.

Small business owners often cite excuses as to why they cannot take the time to plan for retirement. Excuses often include the lack of “extra” money to save for retirement. Small business owners say that they fear retirement planning would require too much time away from business tasks. They also are concerned that any sort of retirement plan would limit future flexibility of business decisions (Arnoff & Ward, 1990).

The characteristics exhibited by many small business owners in general tends to be somewhat magnified among black small business owners. Many blacks have had to struggle simply to make the life they are presently living bearable. Long range planning has had to give way to supplying the necessities of life at any particular moment.

Prior to desegregation in the United States, most -- if not all -- of the consumer needs of blacks were met by black business owners within those communities (Auster, 1988). These business owners faced the same difficulties as their customers of having to feed and shelter their own families in an
economy which was often hostile and discriminatory toward them. Black business owners experienced many difficulties in the market. Access to capital was limited and, when loans were available, the cost was higher than for whites (Chen & Cole, 1988; O'Hare, 1990).

Decades after desegregation, many of the same problems continue to affect the black small business owner. Since desegregation, however, the base on which the black business owner relied for income has been wooed away by enterprises outside of the community. Since the majority of patrons of black business are black, the drain of dollars away from the black community has a devastating effect on product demand and, therefore, on the incomes of black small business owners (Auster, 1988; Chen, 1988; Edwards, 1990; O'Hare, 1990).

Most American black businesses are extremely small. Ninety-four percent of small black businesses are sole proprietorships, with annual receipts under $10,000 for 54% of black firms (Baskerville, 1991; Black-owned businesses, 1988). Garwood (1990) confirms this statement with more specific numbers, stating that the average income of a black nonfarm related enterprise earned in 1990 was approximately $8,316. These numbers may not seem low until that income is compared to that of the average white self-employed, nonfarm worker whose family income was $22,761. Many small black businesses are simply surviving and not prospering. The income being generated by these black-owned businesses provide working capital for the business and must also be divided for family needs. These demands seem to leave little to invest for retirement. These businesses are often too small to be attractive to buyers in order to generate cash from their sale to support the
owners in retirement (Auster, 1988). Planning must be done early in the
business owner’s life to combat these economic forces and to insure that funds
are available for retirement.

The study of ethnic, small-scale enterprises is still very much in the
embryonic stage. Little research has been conducted where the focus has
been black small businesses (Chen, 1988). There is a complex series of
decisions which need to be made by small business owners regarding planning
and implementation of retirement programs. Due to the specific factors which
affect black small business owners, the need exists to study retirement planning
efforts among black small business owners.

Statement of the Problem

The problem of this study was to apply Strumpel's (1976) economic
behavior model to examine the family financial management behavior of
retirement planning among black small business owners. A small business was
defined as an enterprise having an annual gross income of $25,000 or less.
During the pretest, due to the lack of eligible respondents in the originally
planned gross income bracket of $25,000 or less, the amount was increased to
a gross income of $500,000 or less. This amount conforms to the Small
Business Administration definition of a small business, along with 25 or fewer
paid employees.

Retirement planning, for the purposes of this study, was defined as a
decision making, planning, and implementation process by which an individual
uses investment and insurance instruments, along with Social Security, in the
attainment of standard of living goals during retirement. Estimating and
developing resources to meet those lifestyle goals also were seen as functions
of the retirement planning process.

Conceptual Model

To date, research in the field of family financial management has been
atheoretical. There are no generally accepted models or theories within the
field of family financial management (Cook & Lown, 1987; Hogan, 1985; Porter,
1990; Williams, 1989). Theories or models taken from resource management
and family economics have not been sufficient, according to Cook and Lown
(1987), to explain psychological and behavioral dynamics which accompany a
family's financial decision-making processes. Nevertheless, the theory posited
by Deacon and Firebaugh's (1988) Family Resource Management System
Model has often been utilized to explain family financial management behaviors
(e.g. Davis & Schumm, 1987; McKenna & Nickols, 1988; Titus, Fanslow, & Hira,
1989).

The Family Resource Management System theory defines an integrated
set of parts that function to accomplish a set of goals specifically focused on
resource management within families (Deacon & Firebaugh, 1988). Deacon
and Firebaugh used the terms of input, throughput, and output to describe the
process by which families accomplish a demand. What is being explored in this
study of retirement planning practices of black small business owners is not the
output or the met demand, but the decision making processes and planning --
Deacon and Firebaugh's throughput.
Attitudes and motivation play a significant role in the success of a family's financial planning (Cook & Lown, 1987). Leech (1988) sought to uncover the influence of attitudes on financial decision making by using Fishbein’s Behavioral Intention Model to explore the impact of attitude and subjective norms on the intention to save for retirement.

The Strumpel (1976) Economic Behavior Model integrates elements which are not explicitly included in the family resource management model or the Fishbein model. The Strumpel model, when applied to the study of retirement preparation of black small business owners, has a better fit due to the inclusion of constructs which reflect psychological, subjective, and societal factors in one paradigm. The researcher must only interpret the factors already apparent in the Strumpel model to the phenomenon under investigation. For these reasons the Strumpel Economic Behavior Model was employed in this investigation.

**Strumpel's Economic Behavior Model**

Strumpel (1976) proposed a conceptual model for economic behavior based on Katona's Behavioral Economic Model. The Katona model was created to combine the field of economics and psychology for an explanation of aggregate consumer decision making processes (Figure 1). Katona monitored cyclical changes in consumer sentiment and found that they were systematically related to cyclical changes in purchasing behavior. On the basis of these observations, Katona developed his model based on three constructs: objective environment, subjective well-being, and behavior. Objective
Figure 1. Economic Behavior Model (Katona, 1964).
environment included the factors of income, assets, employment opportunities, and socioeconomic status. These economic factors were then processed with psychological variables through the elements of the subjective well-being construct. Subjective well-being is composed of the attitudes and expectations a person holistically holds toward his or her economic situation. The last construct in Katona’s model is the behavior. Behavior is the manifestation of objective environment and subjective well-being factors. For Katona, this manifestation was measured as either consumer demand or savings behavior.

Strumpel (1976) went beyond this cyclical approach to consumer economic behavior by extending Katona’s model, as shown in Figure 2. This broadening of the Katona model allows economic well-being and the link between economic behaviors and their psychological and situational determinants to be measured and explained. The Strumpel model uses trends, such as intergenerational economic values to view social change (Strumpel, 1976). Strumpel also explores economic well-being as an implication of the attitudes an individual may hold toward the larger economic or political system. Strumpel (1976) postulated his model as an approach to explain aggregate economic behavior.

From Strumpel’s model, large empirical studies were conducted to confirm the relationships suggested in the model. The objectives of the studies were (1) to identify indicators of individual subjective economic experience; (2) to show the multidimensional perception of economic welfare, as well as satisfaction with income and savings; (3) to reveal the importance of objective economic well-being as a social indicator; (4) to develop a theoretical basis
Figure 2. Economic Behavior Model (Strumpel, 1976).
with value; and (5) to continue to conduct repeated population surveys from
data generated from large populations (Strumpel, 1976).

Strumpel suggested that dissatisfaction with economic status can manifest itself in either resignation or action. If one, however, does not feel dissatisfaction or if one feels a loss of person efficacy, then resignation is the empirical outcome.

The model proposed by Strumpel (1976) integrates the search to satisfy needs and wants with the means available within the person and his or her macro- and micro-society. Objective Environment and Situation factors operate with elements of the Person Dimension to form attitudes toward economic situations. These can, in turn, operate upon the elements within Subjective Well-being and Societal Discontent. These constructs, however, are not constrained to work in this particular order. At any time, one element may be more dominant than the others, but they all work together to influence the eventual behavior.

Variables Strumpel included as a measure of the Objective Environment and Situation are income, assets, socioeconomic status, and education. These factors are the sources from which subjective economic well-being is measured. Strumpel suggests that economic well-being is not systematically related to discontent or estrangement from the system. The system does have an impact, however, on the level of economic well-being and one's objective environment has a parallel effect on subjective welfare. Objective environment factors operate within the constraints imposed by an individual's social conditions (Strumpel, 1976).
Psychological variables encompass goals and aspirations, notions of equity, feelings of personal efficacy, and sense of fate control. These factors relate to how one sees oneself in relation to the social structure and the ability to impact change. These factors are included under the Person Dimension of Strumpel's model. The creation of values and a person's psychological adjustments operate parallel to an individual's objective environment. Strumpel (1976) uses the example of the deprivations and limited opportunities associated with minority status. This low status often produces a low sense of personal efficacy and low job involvement which can accentuate the difficulties an individual has in overcoming objective situational constraints. Strumpel also suggests that differences in value positions can be a reflection of the relationships among different satisfaction measures when viewed separately in diverse occupations and status subgroups.

The Subjective Well-being construct includes indicators which describe an individual's state of contentment or satisfaction with his or her life experiences. These indicators include satisfaction with income, savings, standard of living, sense of past economic progress, economic progress, economic expectations, and sense of opportunities. Strumpel (1976) suggests that there is a clear relationship between the Objective Environment and Situation construct and Subjective Well-being construct. Those persons who have higher socioeconomic status (higher incomes and standard of living) express a greater satisfaction with their jobs and economic situation. These relationships are affected by an individual's values, aspirations and expectations which are culturally and sub-culturally based (Strumpel, 1976).
The Societal Discontent construct reflects dissatisfaction with prices, dissatisfaction with government policies, and dissatisfaction with the political system. Strumpel views societal discontent as a function of general economic expectations. "An individual who believes he will be better off tomorrow will probably not blame the system for his present plight. However, when it is clear that improvements can be brought about by individual or collective actions, then discontent may flourish" (Strumpel, 1976).

Lastly, Behavior is the manifestation of the interaction of the constructs upon one another to form an outcome. Within the Strumpel model, economic behaviors encompass consumption demand, saving, working, occupational choice, education, and retirement.

Previously, the Strumpel model has been applied to the field of consumer economics to explain aggregate consumer behavior and the interaction of psychological variables with social structural and situational factors. Strumpel's model has been used in a previous study as an explanation of certain economic behaviors relevant to the field of family financial management (Toccafondi, 1991). This model is not known to have been previously applied using qualitative methods.

The Strumpel model tends to somewhat obfuscate the division of the concepts which lead to behavior. There are often fine lines of meaning which differentiate one construct from another, but these minute differences may be important to the understanding of each separate construct and how it impacts another.
Application of the Strumpel Model to Retirement Preparation

For the purpose of the study, the Strumpel Economic Behavior Model (1976) was applied to one component of family financial management -- retirement planning. The model was used to develop an interview guide for exploration of retirement preparation among black small business owners.

The utilization of the Strumpel model enabled the researcher to incorporate the various objective, subjective, and psychological variables discussed in the literature of diverse disciplines to view retirement planning among black small business owners. This merging allowed a more holistic picture of the varied environment in which a black business owner must operate.

In order to encompass the important factors of each construct which may impact black small business owners, the Strumpel model (1976) was specified using variables consistent with the model. Previous research findings, and other related literature (Figure 3). While the model was expanded with respect to those elements which are specific to black small business owners, i.e., race, some elements within the major constructs of Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent were not explored, i.e., gender.

The inclusion of race was most important in the Objective Environment and Situation construct which is a cornerstone of the Strumpel (1976) model. Strumpel suggests that an individual's social conditions impose constraints on objective environment. Being born black in America may include the constraints of lower wages, discrimination, and a history of poverty.
Figure 3. Strumpel model adapted for retirement planning.
The type of industry which the small business person operates was another factor considered as part of Objective Environment and Situation. The majority of black small businesses are within the retail trade or service industries. These industries tend to be smaller and more labor intensive which have a negative effect on profitability and, therefore, owner income (Auster, 1988).

The Subjective Well-being construct which Strumpel incorporates in his model has elements which have been studied separately in previous research. Attitudes toward retirement or retirement planning have been studied within family financial management and gerontological research (Beck, 1984; Leech, 1988; Richardson & Kilty, 1992). Discrimination and its effect on income, standard of living, assets, and psychological measures were explored by Chen and Cole (1988) and Tabb (1988).

High status coupled with low income correlates with Curtin's (1976) assessment that socioeconomic status and individual economic values operate in a reciprocally reinforcing fashion. Curtin (1976), who utilized the Strumpel economic behavior model, suggests that socioeconomic subgroups differ in the degree to which they maintain self-actualizing values and security concerns. These values also differ in the degree to which they influence an individual's readiness to make sacrifices and take risks for the sake of economic advancement.

Small business owners, by their very nature, have taken a calculated risk for the sake of economic advancement. These people, however, are still products of their communities and have certain beliefs and value systems which cannot be easily overridden. Personal and business goals (including
retirement goals and aspirations), and notions of equity as a black person operating a small business were explored as part of the Person Dimension.

Sentiments of displeasure with the political system and governmental policies, which Strumpel measured in the Societal Discontent construct, were expressed by the president of the National Urban League in the 1992 *State of Black America Report* (Swinton, 1992). The report states that the disadvantaged status of the African-American in the United States is a permanent feature of the economy. Blacks believe that the economic and social gaps between blacks and whites is increasing. Those thoughts of equality and parity which were the promise of the 1960’s have given way to despair in the 1990’s. The feeling that blacks, as a group, will never catch up economically or socially with whites is the kind of cynicism which many "advantaged" blacks possess.

The black under-class has grown while the middle class has shrunk. Fewer blacks are going to college, with black males earning thirty percent less than white men with similar backgrounds (Reveron, 1991). Within the black community, it is believed that racism has prevented blacks from reaching their full potential in business and education through discrimination in a variety of ways ranging from business and personal lending practices to funding for schools in black neighborhoods.

Blacks expect less financially, socially, and politically as the new millennium approaches. These are important implications for family financial management practice and research. Although the Strumpel model suggests a direct relationship between Societal Discontent and Behavior, for blacks the discontent felt for the mechanisms of the society in which they live are too
enmeshed within the other elements of Objective Environment and Situation, Person Dimension, and Subjective Well-being to allow an uncomplicated separation. Much that goes on within the political system shapes the lives -- both objectively and subjectively -- of the black community.

Along with these beliefs and values comes a concern for security, which Curtin (1976) discusses as a function of being a member of a lower socioeconomic group. This concern for security also can inhibit economic advancement, even while the individual is striving to reach some high economic goal or aspiration.

Retirement itself is a fairly new concept within the black community (Richardson & Kilty, 1992). The mortality rate among black males is at its peak between ages 55 to 65 -- the prime retirement ages -- creating an environment where planning for retirement is not necessarily a major concern.

Death, however, cannot be counted on to replace the need to prepare for retirement. Plans need to be constructed to enable the small business owner to live comfortably on savings and investments without depleting capital, or selling personal assets for basic subsistence if he or she should live longer than expected.

Retirement planning was the economic behavior focused on in this study. The use of the Strumpel model (1976) enabled the researcher to develop a broader view of the life experiences of black business owners and a more adequate explanation of the attitudes and intentions black business owners hold toward retirement and, therefore, retirement planning.
Justification

Neither blacks nor small business owners have been the focus population in much previous family financial management research. This research considered the family financial management topic of retirement planning among black small business owners.

Many small businesses are the sole support of the owner and his or her family. As such, the financial status and health of the business is integral to the financial well-being of the family unit. Families supported by a small business face certain difficulties not experienced by those whose heads of household who are not self-employed. Instability of market forces and the unreliability of business income, along with the input of much of the family’s personal finances into the business, increase the complexity of family financial planning for small business owners. Family members are often employed by the business owner in an unpaid and unreported status. Although many small business owners of all races face many of these same difficulties, blacks have a long history of prejudice and discrimination adding to these pressures. Therefore, it is important to study the needs of this unique population and consider specific approaches for meeting their needs.

Association of Financial Counselors and Planning Education Proceedings
Issues (Winter & Spring 1992) showed that there has not been any significant
amount of family financial management research on blacks. In much of the
research where minorities are a part of the study, the sample of blacks is usually
small, e.g., Titus, Fanslow, & Hira (1989), or the authors separate participants
into white and non-white groups, e.g. Jones & Peck (1989). An argument could
be made that the areas where family financial management research is
generally conducted have few or no blacks to take part in the studies. Thus, the
need exists to seek out this population specifically and begin building a body of
literature which focuses on family financial management within black
households.

Until recently, almost all studies of black family life have concentrated on
the lower income strata and problem families, while ignoring the middle-class
and "stable" poor families (Mindel & Habenstein, 1981). The need exists to
broaden the scope of "black" studies to include middle-class and stable "poor"
families.

This narrow research focus also has been applied in those studies of
blacks who were self-employed. Many of the studies concentrating on black
businesses and their owners focused on discrimination in lending, lack of
community resources, lack of educational attainment of the business owner, or

Due to the limited research available on black small business owners
and their preparation for retirement, a qualitative methodology seemed most
appropriate. Much of the small business and family financial management research is quantitatively based, applying survey methods and statistical analysis. The statistics generated from such studies describe objective characteristics of a group, such as income or wealth. Generating statistical analysis of the data does not provide a holistic picture of subjective characteristics and experiences of an individual's life or circumstances. Subjective characteristics can include well-being, personal success, or provisions for emergencies, as well as other factors relating to relative importance, attitude, and perspective based on culture or ethnicity (Strumpel, 1976).

In-depth interviewing was used to gather the data, allowing the respondents to express in their own voices the experiences of their lives. This method allowed the respondents to be the experts on the description of their lives and the reasoning behind their actions (Chin-Sang & Allen, 1991). The conceptual model proposed by Strumpel (1976) and an extensive literature review served as the foundation for the composition of interview questions for data collection and the development of this study.

The use of qualitative methodologies may help to initiate increased study of black small business persons by uncovering previously unreported aspects of their lives. Discovering if and how black small business owners view retirement and retirement planning, and their knowledge regarding the need to plan for retirement is necessary for the cultivation of understanding and creation of programming more applicable to this population. Acquiring answers to these objectives may also enable further exploration of the expectations toward retirement among blacks in general. Gohmann (1990) postulated that
retirement responses for white-married males could not be applied to the population of the United States as a whole. Yet, research which pertains to retirement planning is almost exclusively focused on white, married, middle-class males (Beck, 1984; Campione, 1988; Gohmann, 1990).

This research responded to a real need within the black community. There is a need to enable those who own businesses to plan for that time when work is no longer possible or desired. Work is an important concept to blacks. Work is associated with self and family survival. Work is also a defining feature in the lives of black people. In the Chin-Sang & Allen (1991) study, work was defined as not only paid labor, but volunteer activities as well. Planning effectively for retirement can give a black person the opportunity to participate fully in the community, through volunteer work, without the need for employment to survive in old age.

Uses of the Study

The information gained from this research can be applied by financial professionals, as well as those who work directly with small business development, i.e., Small Business Administration counselors, Service Corps of Retired Executives volunteers, Small Business Development Corporations, etc. From this research, professionals will gain an understanding of the history, cultural values, ethnicity, and expectations of black small business owners, and, in some small part, blacks in general. Through a greater understanding of the people whom they assist, these professionals will be better equipped to offer programs and advice which may be utilized and accepted by that population.
This study also initiates a body of knowledge regarding blacks and retirement planning within the field of family financial management. The population under investigation has not been considered previously. The information gained in this research may offer support to other work being done in this area. In addition, this research will add to the body of knowledge about black business owners and can serve as a basis for greater exploration of the influence of culture, ethnicity, and occupation on the financial planning decisions of individuals.

Limitations of the Study

The researcher was limited by the positive bias toward black business owners as a black-American woman and as the granddaughter of a black small business person whose experiences may resemble those of the business persons who were interviewed. The study was limited by the self-selection of the respondents. The Small Business Administration defines a small business as one having an annual gross income of $500,000 or less and 25 or fewer employees. However, for the purposes of this study the gross income of the business was limited to $25,000 or less and 5 or fewer paid employees. Gross income was defined, for the purpose of this study, as profits before expenses and owner's salary.

The study was also limited by the size of the sample to be interviewed. The sample consisted of nine individuals which was a number consistent with the "less is more" principle proposed by McCracken (1988). McCracken states that it is more important to work longer and with greater care with a small
number of individuals who were chosen for their specific cultural characteristics and not as a sample of the larger world.

A further limitation of this study was the discomfort many people feel about revealing information on their personal finances. Therefore, most financial information, including business and personal income, was ascertained for the previous year.

Delimitations of the Study

The study was delimited to the southwestern and central Virginia localities of Louisa, Lynchburg, and Rocky Mount, Virginia. The choice of these locations was an attempt at maintaining homogeneous cultural experiences.

The study was delimited by the high proportion of mortician/funeral directors who took part in this study. The researcher did not seek out specifically morticians/funeral directors, however, due to their high profile within the community, these business owners were often cited by contacts as potential respondents.

This study was also delimited to a higher number of male than female respondents. This gender differential was not actively sought by the researcher, however, from the sources from which the respondents were acquired more men were recommended than women.
Definitions

Black: a racial designation used in this study to encompass all people of African decent, regardless of their ethnic or national origins, who considered themselves black.

Behavior: conceptual model construct which was defined as the manifestation of the interaction of the variables upon one another to form an outcome. The outcome focused on in this study was that of retirement planning.

Objective Environment and Situation: a conceptual model construct which includes income, assets, and socioeconomic status. For the purpose of this study, race, education, gender, and type of industry were also included within the Objective Environment and Situations factors to compose an individual's environment as perceived by others.

Person Dimension: a psychological conceptual model construct which encompasses goals and aspirations, notions of equity, feelings of personal efficacy (effectiveness), and sense of fate control. These measures relate to how one sees oneself in relation to social structure and the ability to impact change. For the purpose of this study, personal, business and retirement goals and aspirations, along with notions of equity as a black person operating a small business were explored.

Retail Trade: businesses which are concerned with the sale of goods to ultimate consumers for consumption or utilization, and with services incidental to the sale of goods carried on in places of business which are open to the general public (U.S. Dept. of Labor, 1977).
Retirement: the cessation of all full-time paid employment by choice or because of advanced age or ill health.

Retirement Planning: the decision-making, planning, and implementation process which entails utilizing financial tools to set goals regarding the standard of living one wishes to retain after full-time employment.

Service Industry: businesses concerned with rendering services either upon or for persons or upon their personal effects, home, or automobiles (U.S. Dept. of Labor, 1977).

Societal Discontent: the conceptual model construct which reflects dissatisfaction with prices, government policies, and the political system. For the purpose of this study, dissatisfaction with government policies and the political system were indirectly explored in relation to the affects these factors have on retirement planning of black small business owners.

Social Security: the common name given to a number of programs established through the Social Security Act of 1935. For the purposes of this study, Social Security refers to that portion of Old Age, Survivors, and Disability Insurance which provides monthly benefits for workers (employees of private businesses, most state and local employees, domestic and farm workers, members of the clergy, and those who are self-employed) who are retired, or partially retired, and are at least 62 years old. Monthly benefits also are disbursed to spouses and dependents.

Subjective Well-being: the conceptual model construct which describes an individual's state of contentment or satisfaction with his/her financial life and experiences. These indicators include satisfaction with: income, past economic
progress, economic expectations, and sense of opportunities. All of these factors were explored in this research.

Organization of the Remainder of the Thesis

This chapter introduced the problem under investigation and has provided an explanation of the conceptual model which was employed. Chapter 2, entitled "Review of Literature," delineates popular literature's contribution, as well as that of related research, on the subject of retirement preparation among black small business owners. Chapter 3, entitled "Methodology," provides an in-depth account of the procedures used to collect and analyze the data. Chapter 4, "Findings," recounts the themes and categories uncovered during the data collection process. Finally, Chapter 5, entitled, "Summary and Recommendations," concludes this research and offers suggestions for further research. Implications for researchers, educators, and practitioners also are considered.
CHAPTER 2
Review of Literature

Within the last decade, researchers have begun to study Black-American retirement as a phenomenon itself and not as an aside within retirement studies of the majority population in the United States. Many of the primary researchers in this area, such as Gibson (1987), have a special interest in the study of blacks, since they are often members of the groups they study. This does discount the work of other researchers of blacks and retirement, but highlights that the pioneers of in-depth research in this very new field are blacks themselves.

The following literature review is designed to apply the constructs in the Strumpel Behavior Economics Model (1976) to the issue of retirement planning practices among black small business owners. The purpose of conducting this literature review prior to a qualitative study was (1) to provide a basis for searching out conscious and unconscious assumptions and determining how assumptions force the definition of problems and findings and (2) to establish the domain the qualitative interview would explore through specifying categories and relationships which could assist in the organization of data.

The literature review is arranged according to the primary constructs of the Strumpel Model (1976). Integrated under each heading, along with research studies, is information from popular literature. The following constructs were discussed as they pertain to the family financial management issue of retirement preparation among black small business owners: Objective Environment and Situation, Person Dimension, Subjective Well-being, and
Societal Discontent. Due to the inter-relatedness of the components within the Strumpel Model (1976), findings from single studies are separated under headings to which they most aptly apply. An example of this division is the Chen and Cole (1988) study which is cited under "Type of industry" and "Assets" of the Objective Environment construct.

Objective Environment and Situation

Objective Environment and Situation is discussed in relation to income, assets, socioeconomic status, and other status differentials of the business owner and the community in which the business owner operates and resides. "Other status differentials" are not specified in the Strumpel model (1976), therefore, in this study other status differentials include type of industry, race, education, and gender. The elements of income, asset acquisition, socioeconomic status, and type of industry are considered in relation to black business owners and their ability to plan for retirement.

All elements within the Objective Environment and Situation construct effect the other elements within the model. The type of industry which the business owner operates has a direct impact on the amount of income that is generated by the enterprise. Income is impacted by the assets owned by the business owner, as well as the community which the business serves. Assets within a community are influenced by the educational attainment of its members; socioeconomic status is determined by a mixture of asset accumulation and income.
Type of Industry

The type of industry has a major influence on the profitability of a business venture. According to Bates (1989), blacks are most heavily represented in the personal service industry where remuneration is the lowest. Retail trade is also an area which has a disproportionate number of blacks and where income generated is low (Aldridge, 1988).

The majority of black-owned businesses in the United States are either service or retail oriented businesses (Chen & Cole, 1988; Swinton, 1992). These two sectors make up 61.6% of the black firms within the rural South and 69.1% outside the rural South (O'Hare, 1990).

Blacks in the rural South have a higher concentration of enterprises in the manufacturing and construction fields -- two nontraditional areas for black businesses -- than do their counterparts outside the rural South (O'Hare, 1990). The possible reason that there is a higher concentration of blacks in manufacturing and construction fields within the rural South is that there is less competition from whites and other minorities in rural areas.

A nationwide study found that 25% of all black business owners had less than 12 years of formal education while 15% of white male business owners had less than 12 years of education. This limited investment in human capital by black business owners has been shown to be a factor when studying the high rate of failures, skewed industry distribution to service sectors, small size and limited profitability of businesses, and poor credit ratings of black businesses (O'Hare, 1990). From Census data, O'Hare found that in the rural south only 32.3% of blacks, both male and female, 25 and older had completed
high school, with only 4.9% completing 4 years of college (O'Hare, 1990). O'Hare correlates this low level of educational attainment with the low rate of black businesses which exists in the rural South. Earlier research (Auster, 1988; Davidson, 1989) concurs that black business owners typically have fewer years of formal education, less business education than their white counterparts, and fewer role models.

**Income**

It is often thought that in order to plan for retirement there is a need for "extra" money to set aside for that purpose. Richardson and Kilty (1992) attempted to predict participation in retirement preparation programs using the National Longitudinal Survey of Mature Men. The extent and patterns of financial planning among the sample of 234 black professionals was compared with the pattern of white males from previous studies. Richardson and Kilty (1992) found that income and age were the most significant predictors of retirement planning. As income and age increased, the amount of financial planning for retirement increased, even though blacks invested less in stocks, bonds, and certificates of deposit.

In waiting for that extra income, many small business owners risk never being able to retire. Black-owned businesses generated 22.8 billion dollars in total receipts in 1987 (Swinton, 1992). While the total receipts of all American business in 1987 11,413 billion dollars (Swinton, 1992).

Auster (1988), in a study of 94 black and 385 white-owned businesses in three major U.S. cities, found that the aggregate income of the community in
which a business owner locates has a distinct effect on the profitability of the enterprise. This effect on profitability can be seen when black business owners locate within predominately urban black communities (Auster, 1988; Office of the President, 1990). Black businesses have fewer customers per day, are often located in poorer neighborhoods, are more likely to rent than own their business space, and are less likely to have business related insurance (Auster, 1988). These challenges create a situation where black businesses are much less profitable and more vulnerable, as a whole, than businesses owned by whites.

Even with these barriers to profitability, survival rates of black and white businesses are not significantly different. Auster (1988) suggests that the survival rates of black businesses may be inflated because of the lack of alternative employment options due to lower educational attainment and exit barriers. Black business owners often cannot leave a business even if it is not profitable.

Blacks, however, have an advantage in operating businesses which tend to be smaller than those of their white counterparts. The advantage is that the smallness of the business allows flexibility and less likelihood of overextending finances to support the enterprise (Auster, 1988).

A history of entrepreneurship is also important to the profitability of a business (Mann, 1990). Role models within the family show young entrepreneurs what is needed for their enterprise to become and remain profitable. Most business owners have had more than one business before they find the right formula for success. Most successful entrepreneurs have had parents or other close relatives who are self-employed, often in family run
businesses. These relatives transmit skills and behaviors needed for the business owner to work effectively and profitably without a long learning period (Davidson, 1989). Family members, as guides for young entrepreneurs, provide an environment that encourages a positive attitude toward self-employment and business ownership. This positive attitude is extremely important in view of the fact that within the black community, most self-employment does not have as high an occupational status compared to that of professional careers or management positions (Mann, 1990).

**Assets**

Swinton considered the topic of limited business ownership and persistent inequality of African-Americans in the Urban League's 1992 edition of *The State of Black America*. The data were taken from the U.S. decennial census and compare the socioeconomic status of blacks in the U.S. to the status of people of European, Hispanic and Asian decent. Swinton (1992) discussed the vulnerability of black small business owners to discrimination due to the lack of capital and asset accumulation within the black community.

Like Swinton (1992), Chen and Cole (1988) have considered the subject of minority, especially black, business enterprises. Chen and Cole examined issues of capital development which effect capital availability and cost, credit market discrimination, and differences in capital composition among minority businesses.

The Chen & Cole study was conducted under contract for the Minority Business Development Agency of the U.S. Department of Commerce with data
from the U.S. Bureau of the Census' 1982 Characteristics of Business Owners Survey. The focus was to investigate how minority business formation and profitability are influenced by capital needs where the firm must compete with other uses of capital and non-economic factors, such as discrimination.

Financial institutions outside of the minority business owner's community and family consider the owners to be high investment risks. This view of minority business owners is often shared by lending institutions due to the characterization of the black community as having low equity, high debt, and small capitalization (Chen & Cole, 1988). This characterization of the black community in the U.S. is due, in part, to the lack of attainment of higher education which, in turn, commands higher wages in the workforce. Higher wages bring the income of the community, as a whole, to a higher level. Thus, Chen and Cole (1988) suggest that capital from outside sources is often constrained because capital is a limited resource where the money supply is generally fixed and near money substitutes are also in limited supply. The users of capital compete for finite resources with large borrowers, excluding smaller borrowers, pushing the cost of capital prohibitively high (Chen & Cole, 1988). Taken together, these three restrictions cause those minority firms which do have access to nontraditional sources of capital to pay extremely high costs. When capital costs are too steep, many minority business owners experience a disincentive to start or expand businesses.

The credit market is less willing to offer capital to black-owned firms which tend to have fewer family and community resources. Blacks have lower success rates when applying for commercial loans than any other ethnic group -- 66% for blacks and 90% for whites (Chen & Cole, 1988). Loan terms are
often more costly -- higher rates, shorter maturity period, and other terms which increase the cost of borrowing for blacks (Chen & Cole, 1988). Black businesses do well in the acquisition of capital only when there is a minority-owned financial institution in competition with a non-minority owned institution. When competition is present, black-owned firms have more access to affordable credit.

A social network within an ethnic community is beneficial to the success and expansion of minority-owned businesses to a greater extent than within the majority population (Chen & Cole, 1988). The use of ethnic resources gives an outside investor a lower risk picture of the venture at which time the institution is more apt to extend capital.

Data from the 1982 Census Bureau's Survey of Minority-Owned Business Enterprises were used by O'Hare in his study of the level of black business ownership. O'Hare (1990) conducted the first systematic study of black business development in the rural South. Blacks, in 1982, composed only 2.3% of the businesses owned in the United States, which numbered 14.5 million (O'Hare, 1990). In 1982, there were roughly 64 businesses per every 1000 people in the population. This number is a total of all ethnic and racial groups. When blacks were considered as a separate group, there were only 12.5 businesses per 1000 people (O'Hare, 1990). The data were examined for correlation's between the level of black business ownership and selected social and economic factors (O'hare, 1990).

To compute the rural black business ownership rate in each state, O'Hare (1990) divided the number of black-owned businesses in each state by the number of blacks in each state and multiplied that number by 1000. Taken
as a whole, the ownership rate for rural portions of the 12 southern states was 8.8, which was significantly lower that the national average of 12.5 (O'Hare, 1990).

The southern state with the highest level of black rural business ownership was Virginia. The black business ownership rate was 14.1 per 1000 blacks in the population in 1982. This high rate of black business ownership is extraordinary since at that time the national average was 12.5 and, according to O'Hare (1990), this number is higher than the rate of ownership in metropolitan areas with much larger black populations, such as Boston, Chicago, Philadelphia, and Detroit.

O'Hare (1990) explains that the factors affecting rural business ownership fall into three categories: (1) limited demand for the products or services of black-owned businesses; (2) the lack of capital for black entrepreneurs; and (3) lack of training; and skills and experience (i.e. human capital) of blacks. These factors have a great deal to do with the income a business takes in and the types of assets acquired, along with the perceived ability to save.

Limited demand for products and services is based on the idea that black businesses have very little growth potential if they are limited to serving a black-only clientele. Black-owned businesses which are limited to serving only black clients are restricted by the relatively low income of the community they serve and by the fact that blacks constitute a very small portion of the consuming market. Hence, the demand for a product is a function of the net incomes of and the number of blacks within the business owner's community (O'Hare, 1990).
Blacks face restrictions to opening new businesses and expanding existing enterprises due to the limited access to capital from financial institutions (Chen & Cole, 1988; O'Hare, 1990). Typically, financial institutions have been the source of capital for all businesses. Due to discrimination, blacks have had to go to family and friends as a matter of course for any start-up or expansion funds.

The limited wealth in the black community often makes capital from family and friends inaccessible. O'Hare states that there is a positive relationship between entrepreneurship and financial assets. Business ownership rates in the rural South are positively correlated with black home ownership. The author suggests that the moderately high correlation does not give a clear causal connection between home ownership and business ownership by blacks, or if causal, in what direction the results run (O'Hare, 1990).

O'Hare cites one of his earlier studies which found that there was a small positive correlation between the rate of black business ownership and the number of blacks in a metropolitan area. However, he also found that there was a negative correlation between the rate of black business ownership and the percentage of blacks within a metropolitan area. For the rural South, the correlation between the rate of business ownership and number of blacks in the area and the rate of business ownership and the percentage of blacks in the area were both negative.

O'Hare (1990) also hypothesized that the overall income of blacks in a rural area would positively effect the rate of black business ownership in those areas. Higher community income would bring about a greater demand for the goods and services provided by black-owned businesses. The analysis of the
data showed no significant correlation between rural black income and the rate of business ownership. O'Hare goes on to state that the overall economic health of all members of a rural area, both white and black, tends to have a positive effect on black business ownership and this may be a more powerful determinant of the rate of black business ownership.

**Education**

Mann (1990) wrote about nontraditional business education for black entrepreneurs. Mann suggests that those intending to offer programs in business education to any group use approaches which are most suited to the target population. Mann discussed the issue of black entrepreneurship as a group phenomenon with the survival of the business depending on the social group resources of the business owner's family and community. A family history of business ownership has been shown to be an important factor for developing entrepreneurship (Beisel, 1989; Mann, 1990). Few African-Americans have had this type of tradition or role models to promote self-employment. This lack of tradition and role models may also explain why many blacks operate only marginal businesses with little profit and limited potential for growth.

Many existing and potential entrepreneurs, according to Mann (1990), are not running or entering profitable enterprises because they are not participating in traditional business education courses or programs. This lack of participation is not caused by lack of interest or desire to learn, but because these traditional programs are not tailored to fit into their immediate work day needs. For many small business owners their day does not end at 5:00 p.m.
Offering the courses in several geographic locations could also increase accessibility. Flexible schedules with a sufficient number of meetings are also necessary. Handouts and other written material would be very useful. Networking and socializing are important for instructors to integrate into class time. This last point, according to Mann (1990) is very important, especially when people are coming to the courses directly from their businesses.

A good community-based program emphasizes three key factors. First, the desirability of becoming a business person who is viewed as making a positive contribution to society and his or her community should be considered. A second factor is the realistic possibility of overcoming what many see as insurmountable odds to starting and successfully running one's own business. Finally, the feasibility of operating a profitable business with its risks and time commitment should be addressed.

Summary of Objective Environment and Situation

The literature relating to Objective Environment and Situation showed that income, type of industry, asset accumulation of the community, as well as, education directly relate to the ability of the black small business owner to plan for retirement. These objective elements, in turn, are operated upon by the proceeding constructs of Person Dimension, Subjective Well-being, and Societal Discontent.
Person Dimension

The Person Dimension takes into account an individual’s values and belief system. According to Strumpel (1976) the relationship between an individual and the social structure in which they operate and their ability to impact change are fundamental aspects of the decision making process. The elements of the Person Dimension construct under consideration are notions of equity and goals and aspirations.

**Notions of Equity**

*Black Enterprise* surveyed their readership on topics associated with equity toward blacks in business and over 4,000 responded. Although this research does not meet the randomness criterion, it does offer insight into the beliefs which are held by what could be considered the upper income level within the black community who are the primary readers of *Black Enterprise* (Edwards, 1990).

A little over half of the respondents believed that black businesses had increased over the past decade, however, two-thirds did not think that the government had been supportive of the development of black businesses during that same time (Edwards 1990). Seventy-five percent of the readers surveyed cited inadequate financial backing as a primary problem facing black business owners and 83% of the respondents believed that many non-minority owned lending institutions discriminate against blacks. Chen and Cole (1988) also discussed asset and capital acquisition for blacks. Scholarly literature
supports the assertion that blacks are often the victims of discrimination in lending by traditional credit institutions (Chen & Cole, 1988).

Goals and Aspirations

For many minorities, retirement is not a goal of later life. Chin-Sang and Allen (1991) studied leisure among 30 Afro-American women born between 1896 and 1923 in northwest Florida. Using in-depth interviews, these black women were asked to respond to the statement, "Tell me about your leisure." From this question additional probes were used to elicit further information on leisure activities and attitudes.

Chin-Sang and Allen (1991) found that the life course for black men and women is centered around work. Most of the elderly black women in this leisure study had always worked. As children, these women had odd jobs working for other people or helping with the family farm. As these women attained adulthood, being full-time homemakers was not an option. Work was associated with individual and family survival.

Culture also has a significant impact on retirement planning. Behling and Merves (1985) reported that the cultural meaning of retirement influences the behavior patterns individuals exhibit. Sex, age, and profession were controlled in this study of males and females between the ages of 25 and 64. The 519 white and 234 black professionals were drawn from a major Midwestern city, while the 160 Hispanic professionals were drawn from San Juan, Puerto Rico.
Behling and Merves (1985) found that there was a general lack of financial preparedness for retirement among all three groups. Puerto Ricans and women, no matter the race or ethnicity, were the least prepared of all, with blacks coming in a close second. They suggest that since resources are scarce, preparation for retirement is not so much planned as fallen into.

**Summary of Person Dimension**

The psychological elements within the Person Dimension are those features which show the relationship between an individual and the social structure in which he or she lives. This relationship between the individual black business owner and how he or she perceived his or her place in society helped create an inner environment which influences retirement preparation by acting upon the other elements in the model.

The beliefs and thoughts an individual holds assists in shaping retirement planning processes. This decision making process is based on an individual's perception of their world and their ability to impact change.

**Subjective Well-being**

The Subjective Well-being construct is influenced by an individual's values, aspirations, and expectations. These elements are determined, in large part, by cultural or sub-cultural inputs (Strumpel, 1976). The Subjective Well-being construct impacts action, in this case retirement planning, based on how an individual perceives his or her life situation. Strumpel identifies satisfaction
with income, satisfaction with past economic progress, satisfaction with economic expectations, and satisfaction with opportunities as measures of Subjective Well-being. These elements within Subjective Well-being are tightly interwoven with race and cannot be easily factored out. These elements, therefore, will not be separated but viewed together under this construct.

The perception of the adequacy of income to satisfy life's wants may be a critical factor in determining the meaning of retirement, according to Behling and Merves (1985). Many blacks believe that even if discrimination was eliminated, the income and asset gap between blacks and whites is so large blacks will never catch up (Reveron, 1991). The National Urban League has expressed some of the same sentiments in its "State of Black America" report. Jacobs (1992) states that the disadvantaged economic status of American blacks is a permanent feature of the economy.

Even though there are now more middle-class blacks in America than ever before in history, their salaries are still not comparable to those of their white counterparts. Blacks lag behind whites in every important economic measure and the gap has widened in the last 10 years due to the downsizing of industries which have been traditional pillars of black employment -- manufacturing, government, and the military (Reveron, 1991). The downsizing of industry and government is exacerbating an already difficult situation in which many blacks have sporadic work patterns and are employed in low wage positions (Gibson, 1987).

For many blacks, there is also no distinct line between work in youth and work in old age (Gibson, 1987). Gibson found that many blacks have the perception that they will have to work periodically in old age. Full retirement or
leisure was not a perception held by those in the Gibson study of a subset of 295 respondents taken from the larger National Survey of Black Americans. The respondents, aged 55 and over, were at that time unemployed. The purpose of the Gibson (1987) study was to identify the subjective factors which were found to impact how blacks defined themselves in relation to retirement. Since the Gibson study has more relevance to retirement planning, it is detailed in more depth in a subsequent section.

Summary of Subjective Well-Being

Subjective Well-being is determined in large part by cultural and sub-cultural dynamics which assist in determining actions taken in the decision making process. For black business owners, how they see themselves in relation to the world may be colored primarily by how they believe they are perceived by others within and outside of their communities.

Societal Discontent

Societal Discontent reflects dissatisfaction with prices, governmental policies, and with the political system which are a function of general economic expectations. The element under consideration is dissatisfaction with governmental policies.
Dissatisfaction with Governmental Policies

While there is a dearth of formal research targeting blacks, the popular press has begun to address some of the issues of dissatisfaction with governmental policies in regard to black business development. Black Enterprise (Black-owned businesses, 1988) surveyed their readership to get opinions on the attitudes blacks held in a number of areas. One of these areas was their opinion of governmental support for black businesses. Of those who returned the surveys, 66% of the Black Enterprise readers did not think that the government had been supportive of the development of black businesses throughout that same time. Seventy-five percent of the readers surveyed cited inadequate financial backing as a primary problem facing black business owners.

Summary of Societal Discontent

Little research has been conducted in the specific area dealing with the governmental support of black businesses. The feeling, however, within the black community that there is not adequate assistance is strong.

Financial Planning for Retirement

In the Strumpel Model (1976) an economic behavior is the outcome of the effects of Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent constructs. Strumpel identifies
examples of the behaviors which are the outcome of the model's constructs as savings and preparation for retirement. The outcome to be discussed relevant to this study is that of retirement preparation. This section will delve into research which addresses retirement preparation as it relates to blacks.

Beck (1984) addressed the differences in opportunity and use of retirement preparation programs. The data for this study were taken from the National Longitudinal Surveys (NLS) of Older Men. According to Beck (1984), structure and content have been the focus of much of the research regarding retirement preparation programming. The sample was drawn by the Census Bureau from the 1981 responses of those men originally selected for the Monthly Labor Surveys during the mid-1960's. The original cohort size was 5,020. Blacks were over-sampled 3 to 1 to allow for analysis based on race (Beck, 1984). The 1981 NLS had 2,832 respondents between the ages of 60 and 74 years of age. Attrition was due primarily to death of participants.

Two questions asked of the respondents in the NLS formed the basis of this analysis. The first question was, "Have you ever taken a course, either at work or anywhere else that attempted to help you prepare for retirement?" Those respondents who gave negative responses were then asked, "Did you ever have an opportunity to take such a course?" (Beck, 1984). The dependent variables created from these questions were actual participation in a retirement preparation course and opportunity to participate in a retirement preparation course. Logistic multiple regression was used to allow for the inclusion of the categorical dependent variables.

Six hypotheses were formed based on the following questions: (1) men with more years of schooling would be more likely to participate and to report
having an opportunity to participate in retirement preparation programs; (2) men with higher education may have more knowledge of the courses being offered; (3) occupational status would increase both participation and the opportunity to participate in retirement preparation programs; (4) employment in core industries (government, large corporations) would increase the likelihood of participation and opportunity to participate; (5) private pension coverage is linked to participation and opportunity to participate in preparation programs. "The net effect of race," Beck (1984) says, "is trivial and will not outweigh the other live variables." This statement would be true, if the assumption of ceteris paribus among the races prevailed.

Race was (in some cases still is) a prime factor, especially with this cohort of males, in the attainment of education and occupation. Prior to the civil rights movement of the 1960's, when this cohort was selected, skin color was a very real blockade to entry into trade unions, higher education, and the higher paying, higher status occupations which Beck used as independent variables in this study.

Beck (1984) stated that the information may be somewhat ambiguous and that the use of the term "course" in the questions may have confused the respondents, leading them to believe that a formal classroom setting was needed to comply with the term. These men may have responded negatively to the question. Beck (1984) concluded from his study that socioeconomic differentials in opportunity and use of preparation programs showed that older men with more years of education, higher occupational status, and private pensions have a greater access to these types of programs, as do government employees. Beck found that those self-employed men and those employed in
peripheral industries were just as likely to have opportunities to participate in retirement preparation programs as were wage and salary workers. Beck (1984) also found that those who were in the most need of participation in retirement preparation programs were those who did not have an opportunity to participate. The socially and economically advantaged worker, regardless of ethnic background, seemed to be more likely to participate in retirement programs. The workers with the least education, no pension plans, and lower retirement incomes, in other words, those with the most need, were the least likely to participate in any sort of retirement preparation program.

Campione (1988) also discussed the role status and income play in retirement preparation. In this study, retirement preparation was approached from a dichotomous perspective: the crisis-of-aging perspective and the continuity-of-aging perspective. With the crisis-of-aging perspective, the aging person looks upon retirement as the end of productive working life and instead of taking an active role early in life, unlike those who see retirement as part of life's continuum, they react to the event when it comes -- as a crisis (Campione, 1988). These individuals assess financial and social need when retirement is imminent.

According to Campione (1988) those workers who are in the lower status and wage occupations are prime examples of those who view retirement as a time of crisis. Those individuals who look upon retirement as part of life's continuum are those who take an active role in saving and planning for their financial future after retirement (Campione, 1988). Individuals who view retirement from the continuity-of-aging perspective seek out additional
information by participation in various programs. This aids in making their retirement less financially stressful.

Small business owners, due to their entrepreneurial spirit and self-reliance, are prime subjects for viewing their retirement as a time of crisis. Retirement planning makes owners face their own mortality and creates the need to share financial information (Arnoff & Ward, 1990; Bailey & Turner, 1994).

Campione (1988) sought to statistically isolate the factors which influence the likelihood of participation in retirement preparation programs using data taken from the National Longitudinal Survey of Mature Men (NLS). The sample used in Campione's (1988) study was drawn, like Beck's (1984), from the 1981 NLS survey year. The 1981 survey year was the only year in which the respondents were asked if they had ever had the opportunity to participate in a retirement preparation program. Those who prepare for retirement throughout their lives, Campione found, were more likely to participate in retirement preparation programs, as are those who were married and had families, no health problems, and had higher occupational status.

Gibson (1987) discussed a new type of black retiree whom she called the "retired/unretired". Retired/unretired can be used to characterize black small business owners. Gibson focused this study on the decision of older blacks to call themselves retired, which is indistinct due to sporadic, part-time, or temporary employment and the low earnings of blacks.

The retired/unretired emerged due to changing social factors: a decline in labor-force participation of middle-aged and older blacks, increased physical disabilities, and increased availability of disability pay. These retired/unretired
blacks, who were defined as "...those 55 and over who are not working but do not call themselves retired," were routinely excluded from consideration in policy making because they did not meet traditional definitions used in major retirement surveys, e.g., Retirement History Survey or the National Longitudinal Survey of Older Men (Gibson, 1987).

Work in old age often becomes a necessity for some older black Americans. The same sporadic work pattern at low pay was experienced during old age as in earlier working years (Gibson, 1987). Low earnings and employment with no or low pension benefits, characterizes much of the work the market has historically allowed blacks to perform. This discriminatory labor market causes an inability to rely on traditional sources of retirement income, such as Social Security or pension plans, and forces elderly blacks to continue to work to supplement what little retirement income, if any, they do receive.

Chapter Summary

In reviewing the related literature, several factors were evident. First, the constraint race places on every aspect of a person’s life cannot be factored out for the purposes of research. For blacks in the United States, race is an intrinsic and extrinsic force that shapes how they perceive themselves and how they are perceived by others. Being black has an impact on every aspect of their lives from education, residence, location of business, type of business, and probability of business success.

Retirement decisions also are influenced by race. A history of discrimination and inequality has shaped the mind set of several generations of
black Americans. Low wages in low status occupations and, for black small business owners, a concentration in low remuneration retail and service industries, has caused a discernible lack of assets which has fostered the "cradle to grave work ethic" within the black community. One works from the time one is able, dies, or until one is physically or mentally incapable of performing an occupation.

The framework, taken from Strumpel (1976), allows cultural and psychological aspects to have as much merit as objective aspects of an individual's retirement decision making process. The model also highlights those elements about which very little is known. The research reviewed showed that race cannot be separated from an exploration of the financial or personal lives of blacks. The experiences, both objective and subjective, of blacks are based in large part on how they are perceived by others as "blacks" and how they perceive themselves in relation to their own and the dominant culture. The review also showed that the relationships proposed by Strumpel (1976) are justified.

The literature revealed that the relationships among the constructs are more than one-way, as the model implies. The relationships between Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent all blend into each other influencing the behavior in question. The objective environment in which a black business owner operates cannot be discussed without the components of the political system or governmental policies (part of the Societal Discontent construct) impacting it in some fashion through affirmative action programs or laws mandating nondiscriminatory practices.
The Person Dimension reveals the individual’s ability and desire to impact change on his or her life within the context of the social structure. Notions of equity, along with goals and aspirations are influenced by income, assets, education and the other elements of Objective Environment and Situation while at the same time having an impact on those elements within the Subjective Well-being construct. Notions of equity and goals and aspirations also have been shown by the literature to be related to satisfaction with governmental policies and political structure.

The literature review revealed the need for more research into family financial management among blacks. The vast majority of the literature in the review came from sources outside the field of family financial management. Gerontology, sociology, family studies, women’s studies, and economics have all contributed research to this population which makes up the largest minority group in the United States.

Family financial management researchers have excluded blacks, in large part, from their exploration. This is possibly due to the rural locations where many family financial management researchers are located and the lack of a sufficient black population to have a large enough sample for a quantitative study. The literature review revealed the need for research that will contribute to an understanding of the black money manager.
CHAPTER 3
Methodology

The purpose of this study was to employ the Strumpel Economic Behavior Model (1976) as a guide to the study of retirement planning behaviors of black small business owners. The data were gathered using McCracken's (1988) Four Step Method of Inquiry. The steps entailed a review of analytic categories, and the discovery of analytic categories.

Step One-Review of Analytic Categories

The review of analytic categories began with an "...exhaustive review of the literature" (McCracken, 1988). The literature review allowed the researcher to unearth conscious and unconscious assumptions regarding the topic. The literature review allowed the researcher to define the problem and assess the data of previous scholarship. McCracken states that for the qualitative researcher the literature review does more than simply show what has been done before. The literature review sharpens the researcher's ability to see what precepts or preconceived notions are refuted by the data.

The literature review enabled the researcher to become familiar with previous research. The literature review also allowed the researcher to become well versed in the subject in order to develop prospectives which the data could deny or sustain. A thorough literature search provided an inventory of categories and relationships which the reviewer could then explore (McCracken, 1988).
Step Two - Review of Cultural Categories

Step Two was the review of cultural categories. The objective of the review of cultural categories was to give the researcher a more detailed and systematic appreciation for each respondent's experiences. This allowed the researcher (1) to abstract important aspects of the topic under consideration; (2) to separate the structural incidences confirmed in previous research from those elements which were simply unique; and (3) to interpret the cultural from the idiosyncratic.

The cultural review allowed the researcher to identify cultural categories and relationships not addressed by the literature which became the basis for questioning. This step was used by the researcher to identify cultural categories and relationships not addressed by the literature which became the basis for questioning. This step used the researcher as an instrument of inquiry. Acquaintance with the culture under investigation can give the researcher a fineness of touch and delicacy of insight that may not be developed by those working in other cultures (McCracken, 1988). This is the step where the researcher, if not highly familiar with the culture under investigation, learns all that he or she can about the people and their value, beliefs, and norms before proceeding with the investigation.

The personal experience, as a black woman with a familial relationship with a black small business owner, gave the researcher of this project a deep appreciation for the topic of black small business owner's retirement preparation. By examining the associations, incidences, and assumptions, which surrounded the topic from the literature review and familiarity with the
culture, the researcher was better able to draw out important aspects of the topic. However, while familiarity with the culture under investigation removed many access barriers to the population and allowed for an "inside" view of the culture, there was also the complication of the researcher being too close. Therefore, the creation of a manufactured distance is necessary. The creation of distance allowed the researcher to step back and take a keen look at those elements in her own culture which were under investigation to insure that they were not overlooked or misinterpreted because of familiarity.

This manufactured distance was created through, as McCracken (1988) suggested, an extensive literature review prior to the formulation of any questions for a qualitative interview. A thorough literature review sets parameters or a domain for the interview. The literature review armed the researcher with knowledge of the topic that were addressed by respondent statements and allowed the researcher to know what responses she should listen for in the comments of participants. The literature forewarns and forearms the researcher. By the end of the literature review, the researcher had a list of questions which covered certain categories and relationships which were investigated (McCracken, 1988).

The use of prompting procedures which allowed the respondents to articulate the meanings of his or her comments without investigator interference also were useful in manufacturing distance. The prompts were used to gain more in-depth answers without exerting undue influence on the respondent. Every attempt was made not to take the comments of the respondents for granted or to make assumptions about what was said. The prompts took the form of questions and conversational cues. The manufacture of distance
creates a clearer understanding of one’s own perception of the world in order to understand and accept the respondent’s world.

Step Three—Discovery of Cultural Categories

The third step, discovery of cultural categories, included the questionnaire construction and the actual data collection. The method of data collection was the in-depth qualitative interview. The primary objective of the qualitative interview (Appendix C) was to allow the respondents to tell their stories on their own terms and in their own words and to pose the questions in a nondirective and general manner (McCracken, 1988; Lincoln, 1990). The investigator attempted to be as unobtrusive in the questioning as possible, to encourage respondents to talk without over-specifying the substance of the responses. "In no instance may a question supply the terms of the answer it solicits" (McCracken, 1988).

McCracken (1988) suggests that the questionnaire from which the researcher poses questions consist of biographical information (Appendix B) followed by questions developed through the literature review and the review of cultural categories (Appendix C). This was the form the questioning took in this study. The interview guide acted as a map of the interview. McCracken (1988) calls the interview guide the itinerary by which the interview will be negotiated. For this study, the interview guide associated the constructs within the Strumpel Economic Behavior Model (1976) to the actual retirement planning practices of black small business owners.
The limited research of the retirement planning practices of black small business owners made the in-depth interview a tool by which assumptions and expectations from the literature could be compared. McCracken (1988) states that for exploratory studies, interview periods of two to three hours or longer are not uncommon and the length is necessary for the respondent to tell his or her entire story. The interview in this study were between one and two hours in length.

McCracken also states that qualitative research is more concerned with access to the kinds of people who share particular characteristics and not to the generalization of those characteristics to the population as a whole. For qualitative researchers "less is more" and as such the number of respondents to be interviewed is low compared to the number deemed sufficient for a quantitative investigation. "It is more important to work longer hours and use greater care" for qualitative research, therefore, a group of eight respondents is satisfactory for many kinds of research (McCracken, 1988). Nine respondents were selected for this study. The respondents were recommended by extension agents and other community contacts. The interviews took place in either the business offices or the homes of the respondents.

The open-ended and semi-structured questions were guided by the constructs of the Strumpel model (1976). The utilization of the constructs within this model assisted in the channeling of inquiry to sustain order and logic in questioning, as well as to derive the relationships of various owners who would have been more likely to have a pension plan or some other sort of retirement plan to fall back on in later life.
Most small businesses fail within the first two years of start-up (Black-owned businesses, 1988). Businesses with five or more years of continuous operation were seen as more viable and as having the ability to offer the owner some sort of stable income. The interview guide was pre-tested with four black small business owners in southwestern Virginia. The pretest was to ascertain if the questions posed were related to the phenomena under investigation, to make sure the questions were clear and understandable, and also to enable the researcher to practice the delivery of the questions and the use of the planned prompts. During the pretest, due to the lack of eligible respondents in the originally planned gross income bracket of $25,000 or less, this amount was increased to a gross income of $500,000 or less. This amount conforms to the Small Business Administration definition of a small business, along with 25 or fewer paid employees. All respondent interviews were recorded on audio cassette tape by the interviewer and transcribed.

Step Four-Discovery of Analytic Categories

The discovery of analytic categories was the last of McCracken’s steps to qualitative inquiry. This stage is, according to McCracken (1988) and Strauss and Corbin (1990), the most difficult in the process of qualitative investigation. This process takes the investigator from a view of the data which is specific and particular to each respondent to general themes which run through all interviews. This is the stage where the data are analyzed for findings which support or refute the literature through themes and patterns.
The stages of analysis in this fourth stage, as prescribed by McCracken (1988), were fivefold. In the first stage the investigator treated each utterance within the interview as significant in itself with little concern for its meaning in the larger context of the interview. At this stage important information was sorted from unimportant information, paying no attention to how the important information would eventually be tied together. This was also the stage where the investigator used the information gained from the analytical and cultural literature review to make "matches" with the data.

The second stage of analysis was a continuation of the development of each observation created in the first stage. "The object of this stage was to extend the observation beyond its original form until its implications and possibilities were more fully played out" (McCracken, 1988). This was accomplished by comparing all responses to every possible relationship which was found in the literature. These observations were then related back to the entire transcript and viewed for logical relations and contradictions.

During the prior two stages, the transcripts of the interviews were the main focus of the investigation. In the third stage, focus was taken off of the transcript and placed on the observations made in the first two stages. The transcript was referred to for clarification. This examination of the earlier observations gave rise to further assertions which were more refined.

In the fourth stage the investigator worked to expose general themes. A broad picture of the information gained from the data was sought. The researcher must pare down the observations and passages taken from the interview, along with their accompanying comments to expose the themes. The researcher then had to decide the interrelationships of the themes. McCracken
(1988) suggests that some themes may be redundant and, therefore, eliminated. Other themes, however, can be organized in a hierarchy with one or two themes identified as main points. The remainder of the themes can then fall under either of these main headings. There may be themes which do not fit under the main headings. The investigator must ascertain if these residual themes refute or contradict those themes which have been identified or those which fall under the hierarchy. If there are themes which refute or contradict the main headings those are discussed in the conclusions. In this study four main themes were found: definition of retirement, inter-racial prejudice, intra-racial prejudice, and mentors.

The fifth and last stage of McCracken’s Five Step Process consisted of a review of all four previous stages -- their procedures and conclusions. This was the stage where the themes from each interview were also taken and transformed into a cogent whole. At this time the researcher no longer discussed each participant’s individual response, but the general ideas of the members of the entire group. The focus was not on the world as the respondent saw it, but on interpretation of the phenomena by the researcher. The observations found during the investigation were then ready for presentation.

In addition to McCracken’s Four Step Method, the researcher also summarized responses to the questions which were posed in the interview guide. Since family financial management is a practical science, it is important to know, not only what themes and patterns emerged from the responses but also what was said. This literal reporting of the responses can allow educators and practitioners more insight into what is needed in the way of financial planning information for this cohort. The answers to the questions, coupled with
the themes and patterns which emerged using the McCracken method, were useful in posting recommendations for further study and assistance.

Chapter Summary

The use of the McCracken Four Step Method of Inquiry and literal translation of the answers to the interview guide assisted in the development of an in-depth understanding of retirement planning processes of black small business owners. The methods prescribed by McCracken assisted in increasing the researcher's ability to gain a deep understanding of the people and phenomena in question and facilitated a thorough analysis of the data.
CHAPTER 4
Findings

Qualitative methodology was used to investigate the retirement planning process of nine black small business owners within the framework of the Strumpel Model of Economic Behavior (1976). Qualitative methods focus on the discovery of the meaning of individual experience throughout the interview process. The interview guide was created to facilitate discussion of retirement planning (Appendix C). As the men and women in this study talked about their retirement plans and processes, themes and patterns emerged from their responses to the semi-structured open-ended interview guide. The responses, along with the resultant themes, became categories and subcategories which served to structure the study (McCracken, 1988).

The findings are separated into three sections: a demographic description of the sample, a summary of the responses to the interview guide, and a presentation of the themes and patterns which emerged.

Analysis of the Demographic Data

The nine respondents in this study were born in and operated their businesses in Southside and Central Virginia in non-metropolitan, or rural, cities and towns. Three females and six males participated. One of the respondents was born in New Jersey, but returned with his parents (who are natives) to Virginia during his high school years. Two respondents were interviewed together, as a team. These two respondents were father and
daughter. They chose to be interviewed together as they were partners in the business. Demographic information was obtained from the respondents prior to the unstructured interview.

**Occupational Classification**

The respondents represented the following occupational classes as categorized by the Social Security Administration (Miller, 1992): professional, technical, and kindred workers (5); manager, officials, proprietors (2), and service (2). The respondents comprised one father-daughter team who operated a beauty-barber shop, a woman who operated a florist/seamstress business out of her home, and a woman who operated, with her husband, a bookkeeping/accounting firm. Among the male respondents, three were funeral directors, one a video store owner, and one a commercial builder. Bates (1989) discussed the high concentration of blacks in the service sector. However, the father/daughter barber, hairdressers and the florist/seamstress were the only three who were in true service sector occupations.

**Age and Education**

The business owners ranged in age from 32 to 72 years of age. The oldest respondent was one of the funeral directors, while the youngest was the commercial builder.

The respondents in this study reported educational attainment greater than the national average education of black business owners in the rural
South. According to O'Hare (1990), only 25% of black business owners, in the rural South, had at least 12 years of education.

Four of the nine respondents held bachelor's degrees, in addition to the technical training in their individual professions. Two had completed at least two years of junior college, in addition to their trade or technical training. The other three received all of their training in a trade or technical school.

**Marital Status and Family Situation**

All of the respondents were married at the time of the interview except two, who were divorced. For all of the married business owners, spouses were either equal partners or performed substantial services for the businesses at their inception. Many of the spouses, at the time of the interview, continued to be an integral part of the business.

The median number of children per household was two. The children ranged in age from 8 to almost 40 years of age. Both of the divorced respondents, the contractor and the barber/hairdresser, had dependent children. The barber/hairdresser had two teen-age daughters and the contractor had one pre-adolescent daughter. The owners of the accounting firm also had two teenage children.

**Business and Family Income**

The business income was the primary source of personal and family income for all of the respondents, except the florist/seamstress. Her income,
was used to supplement her husband's income as a taxi driver. Although, not currently the sole support of the family, there had been times when her income was the sole, or primary, income for the family.

Two of the businesses had a net income less than $59,999 per year. Of these, one had been in existence 40 years. One business had a net income in the $100,000-$139,999 range, while another netted between $140,000-$179,999 per year. Four of the small black businesses netted over $280,000 per year, but were still within the $500,000 limit to be classified as a small business for this study.

Business Organization and Time in Existence

The businesses in this study took three forms. One, the florist/seamstress business, was a sole proprietorship. One, the barber/beauty shop, was a partnership. Two of the funeral homes were Subchapter S corporations. The construction firm, the video store, and the bookkeeping/accounting firm were corporations.

Responses to Interview Guide

The following is a synopsis of the responses given to the interview guide (Appendix C). Direct answers are difficult to give for each of the questions as all were open-ended and structured in a way to elicit broad explanatory statements. All questions did not have relevance to each business owner's
situation, therefore, some respondents did not or could not answer certain questions.

There were common answers or themes, however, that sprang from many of the individual responses. These common themes and patterns will be discussed later in this chapter. The responses to the interviews will be presented as they appeared in the interview guide, although the questions were often neither answered nor asked in that particular order.

**Question 1: Tell me about how you started your business.** (The following prompts were asked if necessary: (1) From what sources did you acquire financing; (2) In what other sorts of business enterprises have you been involved; (3) How have community and governmental agencies assisted you in starting and/or running you business; and (4) Tell me about any courses or seminars you have taken or plan to take to help you run your business.)

This was the "ice breaker" question. It allowed the respondents to become comfortable with the entire interview process. The answers given by the respondents varied from beginning as a hobby, in the case of the florist/seamstress, to an attempt to create a business that would be there for future generations, as with the contractor.

Pre-determined prompts were used to the greatest extent with this question. These prompts elicited specific information regarding business financing, previous business enterprises in which the respondents had been involved, assistance from local and federal governmental agencies, and educational opportunities the business owners took advantage of to begin or enhance their enterprises.
In response to Prompt 1, most responded that business start-up capital was raised through previous employment. Some had assistance from family members, especially parents. By and large, these businesses were planned and saved for long before they were actually begun. For these business owners it was not always possible to acquire credit from banks. Racial prejudice, they felt, was a large factor in being turned down for loans. One of the respondents was a member of the board of directors of a local bank. He spoke of how blacks were being refused small business loans because it was assumed that their businesses would fail and that they were bad risks -- even when these black businesses were a proven success.

These business owners did not look upon debt as beneficial to their business or personal lives. The most successful and the largest income-generating venture, the construction firm, was completely debt free. The owner of the company believed that one should never owe anyone, "that way it is always yours." Although as a general rule these business owners preferred to remain debt free, there were times when they applied for and received loans. These loans, in each case, were repaid swiftly. The reasons given were that these business owners preferred to be debt free and swift loan repayment reduced interest payments. These respondents saw debt as a sometimes necessary cost of doing business, to be disposed of quickly.

Two of the respondents in the study had previous enterprises prior to the ones they were currently operating. Mann (1990) suggested that prior experience, even a failed experience, operating a business was often the benchmark for the success of any venture. The business owners who did not have experience operating businesses of their own did have experience
operating and, often, managing the businesses of others. This training from a senior person in their profession was often the only business training they had received. This training was formal and informal. The video store owner was a supply officer in the Army which assisted him in handling purchasing. The barber/hairdresser observed her father in his shop from childhood. This mentoring, according to Mann, is also a factor in the success of a business. While mentoring was not a specific question asked during the interview, all of the respondents made some reference to mentoring. Mann (1990) stated that the more active and involved a mentor is in assisting in the education of a prospective, or new, entrepreneur, the more likely it is that the new venture will succeed. Mentoring as a theme is discussed later in this chapter.

The business owners were asked if governmental agencies had assisted in the start-up or running of their businesses. The question sought to ascertain the involvement and, to some small measure, the effectiveness of the Small Business Administration and state and local agencies in assisting these respondents. According to the respondents, the Small Business Administration offered nothing of interest past the introductory course in "how to start a small business."

The last prompt solicited the business owners' involvement in courses or seminars which were offered to assist small business owners. The respondents stated that trade journals, industry conferences and seminars, and local small business groups offered the most relevant sources of information and assistance.
Question 2: How does the number of blacks in your community impact your business?

This question centered around the holistic effect the number of blacks within the respondents' communities had on these businesses. O'Hare (1990) stated that the number of blacks within a community had a positive effect on business revenue.

The respondents in this study still felt that racial prejudice played a part in their business lives. Each of the respondents talked of incidences of prejudice that they had to face personally and professionally. The stress of racial prejudice was felt especially by the mortician/funeral directors in the group. One of these respondents stated, "A white man will let me bury him, but he doesn't want my hands on his wife." The responses regarding racial prejudice, although not unexpected, had no specific question or prompt to elicit that information. These responses are grouped in the discussion on themes and patterns under inter-racial prejudice.

During the course of the interview, what will be called "intra-racial prejudice" was discussed. The respondents stated that blacks within their communities often exhibited what many of the respondents called "jealousy," which took the form of blacks not patronizing these businesses. The respondents stated that they felt that there was a general view within the black community, not of pride in their accomplishments, but a feeling that the business owners owed them their success.
Question 3:  What are your thoughts on retiring from this business?

This question was written to be broad enough to allow the respondents to answer without giving any indication of a right or wrong answer. The respondents all defined retirement in terms of not being able to work any longer, due to illness or the frailty of old age. These respondents enjoyed running their own businesses and their occupations.

They also spoke in terms of being productive and contributing members of their communities. "Retirement? I don't think anything about it," was one response. These respondents wanted to work until they could not work any longer.

It appeared that their self-worth and the value they placed on their lives was inextricably tied to work. A few even stated that they would probably die before they ever retired because they would not know what to do if they were not working. All of the respondents stated that they would always work, part-time, if not full-time, in their own business or somewhere else.

Since the respondents did not express a desire to retire, or, in the case of the younger respondents, stated that they had not thought about retirement at that time, Questions 4 and 5 were not asked. Upon reflection, these questions were somewhat redundant to Question 3 and could have been eliminated. Also many of the prompts from Questions 4 and 5 were answered within the context of question 3. However, the first prompt of Question 5 related to their children's plans regarding the business should have been a major question.
Question 5, Prompt 1: "What are your children's plans with regard to the business?"

The answers from the respondents varied widely to this prompt depending on the type of relationship each business owner had with his or her children as well as the income of the enterprise. Again, the businesses which made the least income, the florist/seamstress and the barbers, all wanted their children to go into different occupations. The barber father wanted his daughter, who worked with him, to go into a different profession. He encouraged her to return to college and get a degree. Likewise, the daughter insisted that her daughters go to college and enter a profession that, "does not require you to stand on your feet all day." The florist/seamstress wanted her son to do something that was more artistic and paid more.

The other respondents all wanted at least one of their children to enter the business. The contractor, however, made it clear that he would prefer his daughter go into some other business or enter a profession that was more receptive to her gender.

The responses to Question 3 suggest that the respondents had no real intention of retiring in the traditional sense. They stated that they would continue to work on a part-time basis, if health allowed, until they could not work any longer. Also, those who had children or grandchildren who wanted to take over at that time would be allowed to do so -- with the parent still holding the primary voice in the business. This transitional period was illustrated quite well by the contractor and his father, the founder of the company. The contractor's father, although "retired" from actively running the enterprise, was still the chairman of the board and continued to go to work each day in the company's
millshop. Although the son continues to be chief executive officer and president, the father still has veto power over most decisions.

**Question 6: "Who have you spoken to with regard to retirement planning?"**

This question was asked to inquire specifically about strategies of money management and retirement planning. The entrepreneurs in this study took different approaches to money management, but they all had the same general view of those in the profession. There was a general distrust of financial management professionals. All of the business owners preferred to learn as much as they could about their business dealings and either handle it themselves or closely direct a professional as to their financial needs.

The respondents stated that they, or someone they knew, had been approached by unscrupulous people offering some financial service. They also expressed little trust for financial professionals because most were white and they believed that these people would attempt to take advantage of them.

One of the respondents related his experience with one person, whom he trusts implicitly, his accountant. He said, "...he is a good man, the best white man I've had dealings with. I've had dealings with him for several years and he has always been honest with me. He has never tried to take advantage of me. Now, I don't let him know that I check up on what he says, but he hasn't told me anything wrong yet." This respondent also stated that he gets several calls each week from brokers, money managers, and insurance agents wanting him to invest. These offers he ignores, he says, until he talks to his friend and does some research.
Question 7: What helped you decide not to retire?

The respondents did not consciously decide not to retire. They just did not want to stop working. The decision to retire for them was unlike the decision making process for those employed by some one else. They enjoyed their occupations and had no desire to, in the words of one respondent, "...just stay at home collecting moss." Their businesses were integral parts of their being and to give that up, would be like giving up part of themselves.

Question 8: What do you plan to do if not retire?

"Work," was the response that all of the respondents gave. Part-time or full-time, these people wanted to continue to work as long as they possibly could. Like the women in the Chin-Sang & Allen study (1991), these people had a history of working and they felt a sense of accomplishment and belonging, as well as a sense of purpose in being able to perform their job functions and run their businesses.

Themes and Patterns

Nine black small business owners discussed retirement planning within the context of their personal and work histories. The questions asked were structured, first, to develop a view of retirement from their perspective; second, to explore the impact their communities had on their business income and, therefore, on their plans for and ability to finance retirement; and, third, to gather how external and internal forces affected if and how they planned for retirement.
Based on these objectives and the findings, five themes emerged: a definition of retirement, inter-racial prejudice, and business/life mentors.

**Plans for Retirement**

It was found that these business owners did not have any formal, and few informal, plans for retirement. These responses were given when the respondents were asked, "What are your thoughts on retiring from the business?"

[I'll work]...until I guess I can't work anymore. 'Cause I don't know what else I would even do. (1)

I'll be here until they carry me out of my office -- feet first. I can do all of those things people are supposed to do [in retirement] right now. (2)

...I enjoy the work. I don't want to go on if I am feeling as if I'm dragging. If I get to that point then I'll quit [the business]. (3)

...I did think at one time that I would come out of barbering all together and maybe do it on the weekends... (5a)

You don't look at age anymore, but you look at health. I don't look that far ahead. Retirement is a long, long way off for me. (5b)

When you mention retirement, the only thing that comes to mind is being financially independent. To be able to afford retirement. I have not set any goals as to when I may want to retire because I've, over the years, developed a love for the industry. (6)

I should have retired six years ago. I'm 71 now. I enjoy what I do. It's not that strenuous and I want to see the business continue to grow. (8)

I haven't thought about retirement. In this business, I'll go as long as I can go. Because I think as long as I am active I'm happier. Someday I guess I will. I'll probably be forced to. (9)
These responses revealed that all, except one, of these business owners had not made any conscious decisions for or against retirement. To these business owners, retirement could be defined as the time when one cannot work any longer due to physical or mental impairments. When questioned from this perspective, most pondered the situation and discussed what they thought the future might bring. One respondent answered, "...I'd like to have a son to pass the business on to my daughter, if she's interested..." When asked what he would do should his daughter not be interested, the contractor stated, "I have a cousin who is going to have stock in the company. I want to keep the company going and in the family."

The owners of the accounting firm were in a unique position, in that the owners were involved in negotiations to merge with a larger accounting firm. As the discussions were still in the early stages, no details were available regarding the amount of the sale or the position the present owners would have in the new entity.

The video store owner and one of the morticians were the only respondents who had any indication from their child that they wanted to come into the business. They, unlike the barber, felt good about their children following in their footsteps.

I would like at least one, or maybe two [of my grandchildren] to. I've given somebody seven days a week at very low pay to build what I have here now. So I would like for one or two grandchildren to come into it. (3)

My son told me that he would like to join me and his mother in the business once his football career was through. He plays pro ball now and he knows that can't last forever. (9)
The one business owner who had seriously considered retirement, had second thoughts because of the difficulties and low income associated with running a small town barbershop. He, however, decided that he could not afford to retire and his daughter could not afford to take over the shop completely.

My daughter and I went to see this insurance man and asked him about starting a retirement plan for me. He asked me a lot of questions about how much I made and ran it through a computer. When it finished, he said that I didn't make enough to retire. So I keep on working. (5a)

The other two of the morticians were estranged from their children, both daughters and both morticians themselves.

My daughter is a mortician, but she doesn't work here. I'm trying to get her to come back and, maybe, take over. (2)

My daughter isn't speaking to me right now...not for a long time since she married that man. He thinks she's going to be rich someday. (8)

The barber, in particular, could not afford to retire. He had to work in order to support himself and his spouse. Fortunately, this was the only business owner in the study for whom income had a significant effect on his decision to plan his retirement.

For the other business owners, income was not the predominant factor in not planning for retirement. These people found enjoyment in their work and what they had created. The owners had a desire to see the entity that they
created grow and mature. Pride and sometimes, pain, were reflected in their responses when asked about the incarnation of their businesses.

I started out with flowers. You know how you go on vacation and going to shopping centers and pick up souvenirs. I used to go in and pick up flowers, silk flowers, and I looked one day and I had so many flowers in the basement, I said, I’ve got to do something with these flowers. I decided to start taking flower classes and started fixing arrangements and one Sunday what I did, I called some friends of mine at my church, invited them down to come and look at my arrangements, and everybody that came either they bought one or they gave me an order for one. That started me off. (1)

...he [a funeral director from DC.] wanted me to come up there and succeed him. So I got up there. He was on podium and in front and I would conduct [the funerals]. He liked his position and I liked mine...until later. They couldn’t satisfy me with money. So I told him I wanted to leave. After that I came back here and opened up [the funeral home] and starved for a number of years. Tough time. (3)

My husband worked for the city in their payroll/accounting department and we had several inquiries [from] small businesses wanting us to do accounting work while he was working the public job. Plus, he was pastor in two churches at the time, so [one of the churches] wanted him to go full time, so he accepted that position. Certainly, he had to give up his public job so he decided to do accounting on the side for a few small businesses and it just started growing. Then it had picked up and that’s how we ended up here. (4)

After I came out of barber school and did my apprenticeship, I came back here to the area where I was born. The lady who owned the first building, let me fix it up and use it to work in. There was this black fellow in town who wanted to be “king” of the black folk and he told me that if I would move my business he would help me find a place to build my own shop and help me get a loan. But he didn’t. (5a)

Well, he [his father] was doing millwork so he knew a long time ago what he wanted to do. Prior to the company he was working in construction. In fact, prior to going into the business, he was in a partnership with another partner and the partnership
didn't work out, so he took what he had and started the business, and this is prior to any set-aside programs or any SBA or anything like that. (6)

One of the respondents took over the business his father had founded. His father retired from the active day-to-day running of the business, but he still kept abreast of all that was happening with the business.

...he pretty much is retired. His first love is the [mill] shop. I talk to him every single day, let him know what we're doing, keeping him abreast of financing, keeping abreast of the future plans for the company on a day-to-day type of basis, so he does have his hands in it, but he's not here everyday...he's still extremely active. (6)

This respondent has watched his father run the business from its inception to his retirement, but his father is not truly retired. Gibson (1987) defines those who "retire," from one occupation only to take up another as being "retired/unretired." This retired/unretired status is usually placed on those who, because of low wages or occupations where there are no or inadequate retirement benefits, could ill afford not to work in their later years. This retired/unretired status was and is, for many blacks, the norm. For many years blacks were relegated into those low wage occupations with no benefits and retirement was not an event which one could realistically look forward to in old age. Socioeconomic factors restricted the opportunity of blacks to retire in the "traditional" sense as a time of leisure to enjoy hobbies or travel. Since retirement was not an expectation, there was not need to plan for the eventuality.
Blacks could not get a job in the factories in this town. They paid the most of all the businesses around. They had benefits and vacations...everything. (5b)

From this historical paradigm, these business owners did not have anyone to look to as models of retirement planning behavior. Although these were some of the same people to whom they looked for business and personal advice, these mentors often validated the view of never retiring.

That's one problem with older people. They don't ever know when to turn loose. I will soon reach that point of turning it loose and I'll check periodically to see how things are going. Now some people are going to call and ask that I come and conduct the funeral and when those people call, I'm coming. (3)

Mentoring

Mentors was a theme which emerged from all of the interviews, although not a specific question. These respondents spoke highly of those people they thought taught them strong ethical and "common sense" values, first, and business acumen, second. Contrary to the literature on minority small business owners, these respondents discussed the positive influence of mentors on their individual business practices.

Mentors for these business owners came in many forms: parents, teachers, and members of their communities. The people these business owners looked to as mentors, in childhood and as adults, taught them skills they could use in life and in their businesses.
When I was young, I saw a father and a daughter working together. I knew I wanted to work with my dad. I've wanted to be a barber all of my life. (5b)

...when he [dad] was growing up, there was a guy in the community by the name of Mr. Chap, who took all the kids in the community, this was a black community, and he went out and bought them baseball gloves, baseball bats, and created a community work for them and was there for them and he [dad] got a lot out of that. My dad's father, I believe died when he was 16 so he relied on that even more. From that developed his own feeling. His own passion for his family -- for passing on what he loves. (6)

...we have been a family of entrepreneurs...my father sold liquor during prohibition. Made a killing. He opened up a cleaning and pressing business. My grandmother was a housewife, but she had common sense. She knew how to deal with people. (3)

The morticians and the barbers all had to go through a period of apprenticeship which also had a strong effect on the success of their business operations and desire to go into business for themselves. One business owner stated that he should have listened to his mentor when he told him to, "stay out of small towns because there is not money there and no workers because of the low salaries that you have to pay. I should have listened to him." These business owners also take in apprentices and employ others from their communities to give back some of what they received from others.

Although this historical perspective is important, having interests outside of the business is also important to the desire to retire. Most of these entrepreneurs have spent most of their waking energy running a successful business and had little time for outside diversions that were not linked to the business. These respondents were involved in trade or professional organizations. Church and community organizations played a large role in their lives and one of the respondents was very involved in local politics. He was on
the city council for 16 years and was the first black mayor of his city. He said, however, "I served [as mayor] until my term expired and then I retired. So, I enjoyed it. It was nice and I feel that we accomplished a lot." Although these pursuits took some time away from their businesses, these people managed to run their business and remain active in these extra-curricular activities.

**Inter-racial Prejudice**

As previously stated, in the literature and by one of the business owners, income often has a profound effect on planning for retirement. It was also suggested in the research that race and type of industry had a significant effect on business income. Inter-racial prejudice was prevalent for these black business owners and had a strong effect on business life, from inception to how much income the business generated or the customers who were served.

Chen (1988) discussed social capital as a means for creating trust and acceptance. Many black business owners are at a disadvantage because they do not fit the same ethnic group or class as comparable businesses. This is especially true for those in "nontraditional" black businesses, such as the contractor in this study.

I've been present [in trade organization] meetings when...a young lady...raised a question about darkies. I've been in a meeting in [local town] and this guy started ranting and raving and started calling us coons and asking why niggers are here. (6)

When talking about blacks, even at their worst, all respondents consistently referred to blacks with personal collective pronouns. They used "we," "our people," and "us" when discussing anything that pertained to blacks.
When referring to whites the terms were always, "them," "they," "those people." In much of the discussions, these pronouns were used with no preceding antecedent.

We've never broken it down like that before, percentage wise...and showing them what the possibilities were and what we did. (6)

The only other time these business owners used the "them" or "they" terms was when the members of the black community did something to harm their business or reputations.

The prejudice these business owners faced was also evident in the fact that whites tended not to patronize their business, especially when it came to personal services.

[The supervisor of schools] thought it was a good idea because there was a need for a colored barbershop. (5a)

I can't do white churches. I take that back. It's very hard to do white churches because of the fact that we're a black firm. (6)

All of the morticians voiced the same sentiment when it came to the question of whites using their services.

A white man will not let me bury his white wife. He may think about me burying him, but he doesn't want my hands on his wife. (2)

Only two of these business owners started their businesses with borrowed money. One borrowed $1,000 on his parent's signature and the other borrowed against his life insurance policy. The others started their business
with money borrowed from parents. This lack of borrowed capital was also, to some extent, voluntary. These business owners did not want to owe anyone anything.

I didn't borrow any money. (1)

I saved up my money, until I could buy...this business. (2)

I worked and came back and organized the funeral home. (3)

We had no working capital. We used our savings to really get started. (4)

I wasn't going to go to him and have my whole life indebted to him. (5)

This company has always been debt-free. (6)

I had a little money, that I built my first building...some office equipment was given to me. Suppliers credited me for materials. (8)

With growth of the business and recognition within the community, as well as their accounts growing in their local banks, these business owners found that acquiring a loan became less difficult.

The president of the bank in town is a Mason and I am, too. I spoke to him and he gave me a loan. (5a)

I had saved about $50,000 and went to the bank with the $50,000. I told them I wanted to borrow money and how many signatures will I have to have. I'll never forget this for 100 years. I take pride in saying that he said, you don't need any but your own. (3)

Despite many hardships faced by the black business owners in this study, they have persevered and their businesses have continued. Many of these businesses flourished, even in the face of limited capital and client base. When asked, "From what source did you acquire financing?," most responded
that they either worked prior to starting the business to raise the start-up capital or borrowed from parents.

I took the money I earned each week...and went back and bought more flowers and each week. I just did it like that until I built up enough flowers. I didn't borrow any money, you know. (1)

I bought my half of this business from money I had saved up working. As the years went on I bought more and more of my partner's shares. After he died, I paid off the remaining portion to his widow. (2)

We used our savings to really get started. (4)

This company has always been debt-free. This building is owned, everything in here is bought and paid for. (6)

I did not go to a bank for the start up money. I earned it working in other funeral homes during my apprenticeship and afterward. I bought this very building we're in now. I still needed supplies though. Those I got on credit from the suppliers. My name was good from when they knew me at the other funeral homes. They gave me whatever I needed. (7)

Although inter-racial prejudice had some negative effects on their progress and income, the respondents were more hurt and bewildered by the negative attitudes of blacks in their communities. All of the respondents expressed discontent with the lack of support and the treatment they received from the black community.

**Intra-racial Prejudice**

When asked their views on how the number of blacks in their community helped or hindered their progress, jealousy was often mentioned. The
respondents blamed jealousy as the reason for the hostile, at worst, and indifferent, at best, treatment of them by some other blacks.

...people get jealous or envious and won't patronize your business...to get something new, shoot, people would think they were making me rich. (2)

That's what I mean about jealousy. They don't want to see grandpa's nice home, nice automobile, and...nice bank account. Sometimes people walk up to me and ask for $10 or $20 and, say "Oh, I know you got it." I say, I know you got it, too." (3)

[Blacks] won't come into the shop because they think they are helping me get rich. (5b)

...a black firm can be wiped out by one congregation or one pastor saying something negative versus it happening to a white contracting firm. (6)

...don't all black people do each other like that? It's a type of jealousy. (8)

We get better support now, than we did when we first started. There is a problem that we as blacks have and a lot of times we don't support each other in business. Maybe it's jealousy. We don't like to see another black achieve something, maybe, we are not doing. (9)

"Crabs in a barrel" was one metaphor for the treatment of black business owners by other blacks. The barber described how he and his daughter were the only licensed barbers in their town, yet many blacks in the community would rather go to an unlicensed man who cuts hair in his home rather than come into their shop. He explained,

...they think we have a lot of money because we operate in a professional manner. From a shop. With a license. That other fellow operates out of his home with no license and charges more than we do. (5b)
His daughter related an incident when she bought a new station wagon, her first new car, and business declined for quite a while because "people thought that we were making too much money and didn't need their 'help' anymore."

This same type of incident was described by some of the morticians in the study. One bought a new hearse and some in the community mentioned that he must not need their business anymore since he could afford a new hearse and business must be going well. Additions to existing structures, new or improved facilities and equipment, and even trips to the beauty salon were incidences verbalized by the members of the business owners' communities as reasons to avoid using any of their services.

Three of the respondents spoke specifically about the black community still being hindered by the "slave mentality" which prevented the community from supporting other members who were doing well.

We [blacks] still have that slave mentality, where white is right. (3,2)

You don't have the "good old boy" and the slave mentality that you have in the South in the North and all that makes a difference [in running a business]. (6)

This belief that nothing in the black community is "good" and everything within the white community is "good," according to the respondents, accounted for the lack of black support for other blacks in business. This mind set also helped explain the belief the black owners held that blacks attempt to pull down anyone who they feel is trying to become "better than they are" through owning and operating a business.
All negative impressions, however, cannot be placed on the communities which these black business owners serve. There have been instances of black business owners cheating other blacks by offering shoddy workmanship and unreliable service at exorbitant prices, while giving better service to white customers. "We as black firms have been associated with doing lousy work...because all it takes is one bad firm and the rest of us are thrown together..." (3).

Financial Planning Assistance

With all of the hardships with which black business owners must contend, they do not readily seek financial planning professionals without, first, knowing what they want. These business owners gave these comments when asked if they had sought the help of financial planning professionals with regard to retirement planning:

This man came to my house from [local firm]...he tried to sell me this plan that would pay me if I couldn't work. Well, his plan wouldn't pay me for six months...by that time I'd be working again. (6)

I don't too much care for those kinds of people. If you don't know what you want they will take all you have and leave you with nothing. (3)

There are always people calling me on the phone to try to talk me into using their services. What do I need them for? I can do everything myself. I call my broker, myself. I tell him what I want and he does it. I know where all of my money is. (8)

I tell my son, who plays pro ball now, to look after his money himself. Don't let any of these smooth characters get their hands on your money or you'll end up like Kareem [Abdul-Jabbar]. (9)
These comments suggest that these business owners do not have a very high regard for financial planning professionals and do not trust them to have their best interests in mind.

Chapter Summary

In this chapter, the quantitative method was used to analyze interview data from nine black business owners in southwest and central Virginia. The business owners described their experiences starting and operating their businesses. From these responses four themes emerged: a definition of retirement, inter-racial prejudice, intra-racial prejudice, and business/life mentors. Seven of the business owners in this study stated that they had not yet thought about retirement. The two who considered retiring from their businesses were the two who had the least business income of all of the respondents and who were over 55 years of age. Retirement was viewed by the respondents as a time when one was physically incapable of work. Retirement was not a conscious choice as the end to their careers.

The experience of the business owners with other blacks in the community was marked mainly by jealousy. Inter-racial prejudice was still viewed as an extreme deterrent to the progress of many businesses. Mentors, played an important part in guiding and assisting the business owners in business and ethical considerations. However, due to socioeconomic and historical factors, their mentors were not adequate role models for retirement planning.

89
Conclusions and recommendations based on these findings are reported in Chapter 5. The conceptualization of the research and the methodology utilized is reviewed.
CHAPTER 5

Summary, Conclusions, Recommendations, and Implications

A summary of the purpose, design, and findings of this research study are presented in this chapter. Conclusions based on the findings are discussed and recommendations for future research are suggested. Finally, implications of the study for researchers, educators, and financial planning practitioners are considered.

Purpose of the Research

Blacks have not been the focal point of family financial management research. There is a need to begin building a foundation for the study of black households as a discrete group unto themselves. Blacks have been included, however, as a small part of the general population under investigation or grouped with all minorities, e.g., Titus, Fanslow, and Hirai, 1989. This study focused on the retirement planning practices of black small business owners. As the sole financial support for the owner and his or her family, the success of the business is important to the financial status of the family before and during the owner's and his or her spouse's retirement years. Bean and McFadden (1988) suggest that retirement plans are one of the most common employee benefits. As self-employed individuals, small business owners are responsible for this benefit which most employed persons take for granted. As the American economy has shifted from an agrarian society with large families to a non-agrarian economy with small fragmented families, there is a need for individuals
to make specific plans for their financial well-being during retirement. Small business owners have the double predicament of also having to plan the disposition of the business upon their retirement or death, either through the sale of the business, passing the enterprise to a family member, or by hiring a manager.

Instability of market forces, the unreliability of business income, and the input of much of the family's personal finances into the business increase the complexity of personal financial planning for small business owners. It was important to study the needs of this unique population and consider specific approaches for meeting those demands.

Therefore, the purpose of this study was to apply Strumpel's (1976) Economic Behavior model to examine the family financial management behavior of retirement planning among black small business owners. A small business was defined as those enterprises having an annual gross income of $500,000 or less.

Retirement planning, for the purposes of this study, was defined as a decision making, planning, and implementation process by which an individual uses investment and insurance instruments, along with Social Security, in the attainment of standard of living goals during retirement. Estimating and developing resources to meet those lifestyle goals is also a function of the retirement planning process.

Use of the Strumpel model allowed the flexibility to explore a wide range of psychosocial determinants which might have otherwise been overlooked through the use of the traditional resource management model. Strumpel postulated the model to explain aggregate consumer behavior, however, the
model does lend itself to the study of individual economic behavior, in this case, retirement planning.

Strumpel suggested that economic behaviors are not determined in a vacuum or created in isolation of other internal and external variables. According to Strumpel, economic behaviors are determined by the interaction of these psychological and societal variables: Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent.

Strumpel defined Objective Environment and Situation as those factors which compose an individual’s environment, as identified by some independent source. Those factors specific to this study were race, income, assets, type of industry, education, and gender.

How one sees oneself in relation to the social structure and one’s ability to have some impact to institute change are the elements which comprise the Person Dimension construct. The factors under scrutiny were notions of equity and personal/business goals and aspirations of the black small business owner.

Inter-racial support and past economic progress of the business owner comprised the construct of Subjective Well-being. This construct and its factors describe how content or satisfied an individual is with his or her financial life and the experiences which led to that life.

Lastly, Societal Discontent was the construct which reflected the dissatisfaction one has with government and/or the political system. Specifically for the project, Societal Discontent was investigated in relation to access to financing and community and governmental assistance with business and retirement planning.
The outcome of the interaction of these four constructs is the Behavior. The behavior under investigation was that of retirement planning. The positive or negative interaction among the constructs and their subsequent elements, according to Strumpel (1976), determine whether a behavior is performed and to what extent that behavior is performed.

The Strumpel model (1976) was beneficial in the study of retirement planning among black small business owners. The model offered an holistic blueprint to understanding how the individuals in this study came to the decision to perform, or not to perform, the behavior of retirement planning.

Research Design

According to McCracken (1988), the use of the qualitative methodology enables the researcher to create an initial picture of a segment of a specific population. This snapshot can be used as a base for later quantitative investigation. The study participants were identified through community referrals. By using a structured interview format for the biographical data and a semi-structured format for the remainder of the interview, the researcher was able to draw out in-depth comments from the nine respondents which clearly represented their uniqueness and the events that shaped their business and personal lives. The interviews were later transcribed and analyzed using McCracken’s Four Step qualitative methodology.

The first step in this method was to review all pertinent literature to gain a familiarity with the topic. This knowledge led to assumptions which assisted in defining the problem. The second step was undertaken to give the researcher a
more detailed and systematic appreciation for the experiences of those who were studied in relation to the topic. This second stage, the Review of Cultural Categories, enabled the researcher to address relationships not evident in the literature. The investigator of this study was required to peruse the literature for aspects of black and small business culture which were unknown to her. This review of cultural categories made the researcher aware of and vigilant for any presumptions or assumptions that might have existed prior to the data collection.

The third step, Discovery of Cultural Categories, was the process of creating the questionnaires and actually collecting the data. A structured biographical questionnaire was first written in order to gather and compare objective elements of each business owner's life. After the biographical data were collected, all nine respondents were asked the same interview questions. Although the same questions were asked of each participant, follow-up questions were determined by the individual responses given. The interviews were tape recorded for later transcription and notes were taken after the interview, as more candid comments came after the tape recorder was turned off, e.g., discussions regarding specific people or events which effected the business owner's life or work.

Finally, the step which McCracken (1988) calls the Discovery of Analytical Categories was undertaken. In this stage, the taped and transcribed interviews were analyzed as individual interviews and then as a group. Each interview was compared to the others to ascertain similarities and dissimilarities. Common themes were established and a broad picture of those
interviewed and their feelings and beliefs regarding retirement planning was interpreted.

Summary of Research Findings

The purpose of this study was to examine the retirement planning practices of black small business owners. During the interviews the respondents were asked a series of questions developed by the researcher. These questions were structured, first, to develop a view of retirement from their perspective; second, to explore the impact of their communities on their business income and, therefore, on their ability to finance their retirement; and third, to gather how external and internal forces affect it and how they plan for retirement.

Interview Guide Responses

These business owners, in general, did not have access to bank loans to start their businesses. They either worked and saved the start-up capital or borrowed from parents. The business owners' responses to the affect the blacks in their communities had on their businesses was often negative, due to lack of or grudging patronage by blacks.

When asked, "What are your thoughts on retiring from this business?", the responses indicated that these business owners did not formally or informally plan for retirement. A general answer to this question was, "Retire? I guess I need to start thinking about retirement soon." This response was from
the business owner who was 71 years old. Neither did these business owners attend any classes or seminars which would give any information on retirement planning.

When asked if their children had plans to enter the business, the responses were varied. The barber stated, "I tried to talk her [his daughter] into doing some other work," while his daughter is steering her children into careers other than barbering or hairdressing. The contractor stated that he would like it if his daughter would enter the business, but he stated that the construction industry was too hard on women for her to be successful. Most of the other respondents had hopes of their children carrying on the legacy. Only the video store owner had any indication that his son's ambition was to continue with the business.

Only three of the respondents stated that they had spoken to a financial planning professional about retirement. The barber stated, "I saw this insurance man...he told me I didn't make enough to retire." Two of the morticians had discussed retirement planning with someone. One of the morticians talked with a friend who was a financial planner and the other had an unsolicited call from a financial planner in an attempt to gain him as a client.

Analysis of the data revealed a common definition of retirement as a time when one could no longer work due to physical or mental impairments and that the respondents planned for the disposition of the business upon their deaths, but did not plan for their own personal retirement.

By analyzing the demographic data and the direct responses gained from the interviews, five themes emerged: definition of retirement, notions of intra-racial prejudice, inter-racial prejudice, and business/life mentors. These
themes are compared to and considered within the definition of the constructs in the Strumpel model. The constructs are Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent. The behavior which was determined, according to Strumpel (1988), by the interaction of the constructs, will be discussed last. The behavior under investigation in this study was that of retirement planning.

**Objective Environment**

The literature relating to objective environment shows that race, income, type of industry, asset accumulation of the community, as well as education are directly related to the ability of the black small business owner to plan for retirement. Findings from the study support the literature regarding those components which increase a black business owner's income. A discussion of each follows.

Race played a large role in the choices these business owners made regarding their businesses and their lives. Race often determines which business an entrepreneur will enter, in what area the business will be located, how much capital an entrepreneur can raise, who the business clientele will be, and what sort of income the business will have. The majority of black small business owners operated retail and service enterprises (Chen & Cole, 1988). Of the nine business owners interviewed, seven were in industries which could be considered retail or service.

Since the majority of black-owned businesses are located within the black community and, as a whole, the black community has fewer assets than
any other minority (other than Hispanics), the black business owner must compete for the limited number of black dollars (Chen, 1988). The black business owners in this study stated that often their black customers believed that a white-owned enterprise would offer better service or quality than a black-owned firm. Unfortunately, as one respondent stated, this is sometimes the case. When a black firm provides poor or inadequate service or overcharges its customers, it gives all black businesses a bad reputation.

From the answers to the inquiry regarding net business income, the income earned by these black business owners was much higher than the national average of $8,316 (Garwood, 1990). As with most entrepreneurs, these business owners held much of their assets in the business and their homes.

Within the black community, however, one occupation in the service industry, that of mortician or funeral director, has had historically high remuneration and grudging respect. Four funeral directors/morticians were interviewed. Each reported net business income for the past year as between $140,000 and $500,000. This occupation, albeit a very personal service, is not one in which a black business must often compete with other ethnic groups offering the same service. These business owners are often looked upon as leaders of their communities. For example, one of the morticians was mayor of his city.

Of the nine respondents, the three who earned the least income from their businesses were those who were the barber, hairdresser, and seamstress/florist. These three were also the ones with the fewest years of higher education beyond learning their trade. These three were also the ones
who talked about looking forward the most to retirement and were able to afford it the least. Campione (1988) stated that those employed persons least satisfied with their work are those who seek out retirement most often.

The business owners in this study reported a higher level of educational attainment than the average black business owner in the United States. According to O'Hare (1990), only 32.3% of blacks aged 25 and older had completed high school. The respondents were all above the national average for black business owners in rural communities. In contrast, all of the respondents in this study had finished high school and had attended a trade or technical school and/or college. O'Hare directly correlated the human capital investment in education with the number of business failures in the rural south. Even though three of the business owners interviewed were not doing as well as the others, these business owners still managed to remain and support their families.

Because only three of the nine respondents were women, any gender differentials could not be confirmed. Gender was, therefore, excluded as a measurable variable.

**Person Dimension**

Richardson and Kilty (1992) suggested that as income and age increased, so did retirement planning. This trend was not evident among the nine black business owners interviewed. Even with the eldest of the respondents, retirement was seen as an event that took place only when one was too old or too sick to work any longer. The two respondents who spoke
most about retirement talked about doing the same work or some other work on
the weekends or part-time after retirement. These people spoke in terms of not
knowing any other thing in life to do except work. Their objective was not
necessarily to be immensely successful, but to be a contributing member of their
communities. A strong commitment to the work ethic and drive was common
among all of the respondents. This same response, that work was important,
was evident among the elderly women in the Chin-Sang & Allen (1991) study.

From the responses given by the respondents, it would appear that the
process of retirement planning, in general, is not effected by income. While
three of the respondents cited limited income as a reason why they had not
done any retirement planning, they still saw working as being "good." The
respondents, regardless of the amount of income earned from their businesses,
enjoyed their work. The barber complained that "this line of work ruins your
health." However he still spoke of coming into the shop to work even after he
retired to "help out my daughter." Retirement planning seems to be associated
more with intrinsic, than extrinsic values. These values were learned from those
people the business owners described as mentors. The literature suggests that
a lack of business mentors is a major cause of failure among black small
businesses (Bates, 1989).

When asked about those people whom they saw as role models, each
person talked about the person or persons who they felt taught them the most.
What they learned was not always how to run a business, but common sense
lessons of how to deal with people and how to "make a good name for oneself"
within the community. These lessons often did not originate with the mentors,
but were the lessons that their mentors learned from those they admired.
every case, the mentors were admired by the respondents. Parents and grandparents were named most often as mentors, although teachers and employers also were looked upon as mentors. The mentors, however, did not assist in giving the respondents an example to follow with regard to retirement planning.

**Subjective Well-being**

Subjective Well-being is determined in large part by cultural and subcultural inputs (Strumpel, 1976). For these black business owners the impact of prejudice by both whites and blacks had a significant role in how they viewed themselves.

All of the respondents in this study took inter-racial prejudice very much for granted -- a fact of life that one fought daily. This acceptance of inter-racial prejudice, however, does not mean that these respondents were not angered by the results of bigotry, i.e., fewer loans and limited client base.

Not only did these black business owners face inter-racial prejudice, but they also faced mistreatment by other blacks -- intra-racial prejudice. One respondent stated that "we're [blacks] crabs in a barrel" as a metaphor to explain how some blacks attempt to pull all other blacks who were trying to get ahead down. This statement sums up the feelings that these business owners had regarding how other blacks in the community viewed them. This jealousy, as it was called by almost all of the respondents, was thought to be partly responsible for the lack of financial and moral support given to black businesses by the other blacks in their communities.
Societal Discontent

As defined in this study, Societal Discontent reflected general dissatisfaction with access to financing and community or governmental assistance for business/retirement planning. All of the respondents reported seeking some governmental or community assistance with business planning. Most stated that they were turned down for any type of Small Business Administration loan because they did not have sufficient enough debt to meet the agency’s requirements. There was a general sense of disappointment with the Small Business Administration. Most believed that the agency did not offer any programs which would benefit them.

Mann (1990) suggested one reason why black business owners may not be as profitable as some of their white counterparts is that black participation in traditional business education courses or programs is lacking. The lack of participation is often because many of the traditional programs and courses offered on business management are not tailored to fit the needs of the target population. Evening class sessions, geographic accessibility, flexible schedules, handouts, and time to network during class-time were all cited by Mann to help increase participation in business education programming for black entrepreneurs. Only one of the business owners discussed attending continuing education classes offered through a state university. With this one exception, the majority of the business owners stated that the time spent in such programs was better spent in their businesses. Most looked to their professional or trade organizations for any type of financial planning.
information. Within these organizations, networking and education occur simultaneously.

The construction firm was the only business that actively participated in minority bidding programs sponsored by the state and federal government. The respondent was satisfied with the program, however, the respondent stated that there was a problem with the perception of the program within the construction industry. This respondent stated that those in the construction industry believe that a minority set-aside program is unnecessary. It is believed that the industry can police itself and that all firms are treated equally. If a firm is good, then it will win construction bids. The contractor responded, "...if all that was true, then the government would not have needed to develop the program in the first place."

**Retirement Planning**

The business owners in this study expressed a need to work and an enjoyment in the work they performed. This sentiment was reflected in their responses when asked to define retirement. Retirement for these business owners was a time when they could no longer function in their businesses due to infirmity.

Only two business owners spoke of wanting to retire. These two earned the least business income of all of the respondents and were least financially fit to retire. However, when asked what they would do upon retirement, they (along with the other respondents) spoke of performing their same occupation on a part-time basis or finding some other work to do.
When asked to discuss retirement planning specifically, the respondents stated that they needed to begin to “think about” making retirement decisions and setting goals for retirement. This was encouraging to hear from the youngest respondents, both in their mid-thirties. These individuals still have time to make some arrangements for retirement. To hear the more senior members of the group discuss retirement as a long-range event was distressing as they have few years to attempt to accumulate the wealth needed to finance retirement.

These business owners did not actively plan for retirement. They did, however, think about the future of the enterprises should they die. When most of the respondents spoke about the business it often seemed as though they were speaking of one of their children. All of the respondents had made plans or arrangements for their personal lives and the businesses in the event of their deaths. The respondents with the more established businesses (i.e., the funeral homes and construction business) had extensive plans for the disposition of the business upon their demise. As perceived by these respondents, death was inevitable and required anticipatory planning. Retirement was simply not an inevitable event.
Conclusions

The following conclusions were derived from the results of this research.

1. The Strumpel model (1976) is an effective conceptual framework for the study of the complex aspects which compose the retirement planning process.

   Measures of the constructs of Objective Environment and Situation, Person Dimension, Subjective Well-being, and Societal Discontent were considered in the development of the questions which guided the qualitative interviews regarding the retirement planning behavior. The data indicated that these elements do have an effect on retirement planning, though not all to the same degree.

   The Strumpel Economic Behavior Model (1976) is also a viable model for the study of financial management. The Strumpel Model readily incorporates intrinsic as well as extrinsic values for a more holistic measure of decision making.

   The Strumpel model also allows the researcher the flexibility to consider measures within the constructs which, by definition, are encompassed within the variable. For example, community and governmental assistance for business/retirement planning was included in Societal Discontent. This flexibility allows the model to more aptly reflect the decision making processes of diverse groups, without compromising the intent of the conceptual framework.
2. The qualitative methodology used to gather the data in this study is an effective tool for building a foundation for future quantitative study.

The data resulting from the use of a qualitative methodology enable the researcher to view unforeseen elements of a problem or question. For example, nowhere in the literature was intra-racial prejudice discussed. Without the use of qualitative questioning this element would have been missed.

Through the use of open-ended questions, the respondents are allowed to approach the subject from their own viewpoints and answer the questions accordingly. The view that the respondents would rather work than spend their time in what most people consider the leisure years of retirement was unforeseen. The previous studies (i.e., Beck, 1984; Behling & Merves, 1985; Campione, 1988; Ferraro, 1990; Fillenbaum, George, & Palmore, 1985; Gohmann, 1990; Richardson & Kitty, 1992; Ruhm, 1989) all discussed retirement planning in terms of an employer-employee relationship. Other studies focus on succession as a means of planning for retirement (i.e., Nelton, 1990; Sales, 1990). Although findings in these studies are useful, they do not fit the phenomena of retirement planning among black small business owners. Furthermore, they very likely do not fit the black population as a whole. Very few researchers have studied the retirement of blacks as a separate group with very different constraints from the dominant population (Gibson, 1987). The importance of mentors was discussed as lacking in the lives of many black small business owners (O'Hare 1990). However, these black business owners disputed this by speaking at length about those individuals who had a profound affect on their lives.
The one theme that was expected to appear within the responses was that of inter-racial prejudice. The respondents, however, did not seem to share the same view of inter-racial prejudice and its far reaching effects as one would expect from the literature, e.g., Chen & Cole (1988). The respondents, seemed to take inter-racial prejudice for granted as something that would always be a part of their lives. This expectation did not lessen their determination to succeed. What seemed, from the data, to have more of an influence on the business owners was the treatment they received from the members of the black community.

Nowhere in the literature was intra-racial prejudice discussed as a possible explanation for the lower incomes received by black business owners. By asking open-ended questions and allowing the respondents to speak freely, this subject was found to be of major concern to all of the nine respondents. Confusion and, in some instances, pain were expressed by the respondents when discussing the poor treatment they had received at the hands of those members of the community whom they thought would be the most supportive.

3. Retirement planning among small business owners cannot be measured using criteria gained from studies of retirement as it pertains to people who are in employer-employee relationships.

The thought processes and expectations of retirement are different for those who are self-employed and those who are not. Beck (1984), Campione (1988), and Dillman and Junk (1989) all discussed retirement planning as it relates to men who were not self-employed. The respondents in this study had a stake in the success or failure of the enterprise, unlike many employed people
whose only stake in their places of employment is a paycheck. Those interviewed saw their work as a true extension of themselves for which they had "ownership" in the literal sense. The businesses were a part of them and as such the decision to walk away would be very difficult. Separate criteria for retirement planning must be developed for those who are self-employed.

4. Information on retirement planning usually found in professional journals for small business owners has little practical application for black small business owners.

The responses given by those interviewed suggests a great disparity between what financial planning experts believe should happen and what does happen with regard to retirement planning among black small business owners. These respondents clearly stated that retirement was for when one simply could not participate in the business on a daily basis due to physical restraints. Also, retirement planning, as discussed in the literature, related passing the business to the children, hiring a manager, or selling the business to have money during retirement (Plan now for retirement funds, 1989; Nelton, 1990). Few of the articles discussed topics of real importance to the respondents as issues they must face and prepare for during retirement, e.g., financing health care during retirement or having adequate income in order not to have to work. With four exceptions, the businesses in this study will probably be sold after the owner dies and the proceeds divided between the spouse and children. Those four exceptions will more than likely be continued by the children, grandchildren, or some other relative of the founder.
5. **Black small business owners plan for death, but not retirement.**

   Among the black small business owners in this study, retirement was seen as an event when one no longer had the ability to perform one's occupation. Retirement was not actively planned for, as it is with people who are employed by others. The work ethic and desire to work was strong among the individuals interviewed. From the responses given, they would not give up working until they had no choice but to stop working due to physical or mental impairment or death.

   **Recommendations**

   Based on the limitations and delimitations of this study, these recommendations are suggested for further research in the area of retirement planning among black small business owners.

1. **A larger sample of respondents should be questioned to ascertain the generalizability of the definition of retirement and themes.**

   A larger sample of respondents would increase the reliability of a quantitative instrument created from the responses given in this qualitative study. McCracken (1988) suggests that qualitative analysis cannot be generalized to a larger population. This is true especially in this case where the sample is so small. With an increase in the sample size, generalizations from the themes can be more readily tested in a later quantitative study.
2. Quantitative studies of the population should be done.

Researchers interested in retirement planning or small business ownership should undertake large scale quantitative studies which would enable the researcher to ascertain if the findings are generalizable to that population as a whole. If it is found that these findings can apply to this population, then these findings could then be used to formulate programming for educators and financial planning practitioners which could be tailored to fit the population.

3. Further use of the qualitative method in family financial management research should be considered.

Qualitative methodology could be used in the field of family financial management to build a foundation for larger quantitative studies. The use of the interview as a first step in the research of any family financial management problem will allow the investigator to probe deeply into the root causes, problems, or processes involved in decision making by individuals. This deeper understanding will allow the researcher to construct a survey which will reflect the true thought processes of the population in question and allow a more precise probing of the problem being studied.

4. Retirement planning should be studied within the small business population.

Research in the area of retirement planning for small business owners extends only to secession of the business to relatives, the sale of the business, or the hiring of a manager (Plan now for retirement funds, 1989; Nelton, 1990).
These options are not always viable for businesses which are too small to generate much profit to carry the business owner and a spouse through their retirement years or which do not generate enough profit to justify hiring a manager. Studies need to be conducted to formulate strategies which a business owner might employ to prepare him or herself for that time when he or she must give up working in the business.

Implications

These are the implications of this research for financial management professionals and those interested in continued exploration of this subject.

1. Further research should be done to determine if similarities exist between small business owners from various ethnic populations.

The difficulties which arose among the black small business owners in this study could be shared by those of diverse ethnic groups. Chen (1989) has studied the dissimilarities of white, black, Hispanic, and Asian populations. The differences are evident. Much can be learned from the experiences of successful business owners of any race. If, however, similarities are found, possible solutions could be implemented to prepare more small business owners to effectively plan for retirement. This globalization of the issue eliminates the stigma of this being a unique "black problem."
2. **Retirement education should be geared to the needs and wants of the small business population.**

Education cannot occur if no one is there to listen. For many black business owners, and business owners in general, time is a commodity that is too precious to waste on attending seminars and classes which do not meet their needs. Scheduling seminars or classes in the evenings and on weekends would give the small business owner access to the information after he or she has left work. Self-study packets would allow the business owner to learn the subject when convenient and at an individual pace.

3. **Approach the topic of retirement planning from the perspective of the black small business owner.**

As revealed by the respondents in this study, retirement -- as normally defined in society -- is not the principle reward for years in the workforce for those who own their own business. Entrepreneurs nurse their businesses like children. After years of working ten or more hours a day to make the business survive, giving up work would be alien to these people. Their work is an integral part of their identity. Approaching retirement planning as a possible alternative to work, or as a safety net for a time when it may not be possible to work, might make retirement planning information more appealing.

4. **Offer any programs within the context of trade or professional organizations to which the business owner belongs.**

The business owners in this study were involved in trade associations or kept in close contact with other members of their fields. Most respondents had
to attend continuing education courses to retain state licensure. Offering seminars on retirement planning in conjunction with trade or professional organizations would increase awareness of the need and likely increase participation.

The respondents in this study simply did not think about retirement seriously, if at all. The respondents incorporated the non-existent retirement planning practices of people who, because of racial disparities, were required to work until they were no longer able. A new paradigm must be demonstrated to these entrepreneurs and individuals like them. Emphasizing retirement planning within trade or professional organizations is a recommended avenue for increased awareness among black small business owners that retirement is an alternative for their later years. Retirement planning, however, is not likely to occur until retirement is viewed as a realistic goal. With an increased awareness of retirement planning and the ability to observe others participating in that process, younger persons will have the opportunity to learn how to plan for retirement.

Further research in the area of retirement planning of black small business owners, or of other aspects of financial management among blacks or other minority populations, would add to the body of knowledge within the field. Through research, opportunities will arise to better appreciate how social and cultural background affect this aspect of family interaction. At that time true exchanges and education can then take place on both sides.
References

Aging America: They've got to eat, so let them work. (1989, September 16). The Economist, 17, 18, 20.


*Journal of Gerontological Nursing, 17*(1), 30-34.

recommendations. In M.E. Edmondson & K. L. Perch (Eds.), 
*Proceedings of the Fifth Annual Conference of the Association of Financial 
Counseling and Planning Educators*, (pp.102-114).

Curtin, R.T. (1976). Well-being, goals, and motivation for economic 
advancement. In B. Strumpel (Ed.), *Economic means for human needs* 
(pp.67-82). Ann Arbor, MI: The University of Michigan, Institute for Social 
Research.


savings: A comparison of low and high income groups. *Home Economics 

Principles and applications*, (2nd ed). Boston: Allen and Bacon, Inc.

plans: Factors which influence planners and doers. In M.L. Carsky (Ed.), 
*Proceedings of the 35th Annual Conference of the American Council on 
Consumer Interests*, (pp 298-302).

Enterprise, 21*(1), 77-82.

*Journal of Gerontology, 40*(1), 85-94.

Fillenbaum, G.G., George, L.K., & Palmore, E.B. (1985). Determinants and 
consequences of retirement among men of different races and economic 
levels. *Journal of Gerontology, 40*(1), 85-94.

*Boating Industry, 30*.


Gerontologist, 27*(6), 691-698.


APPENDIX A

RESEARCH PROTOCOL
Research Protocol

My name is Lori Sims. I am a graduate student at Virginia Polytechnic Institute and State University (Virginia Tech) performing research on the topic of: Retirement Planning Practices of Black Small Business Owners.

This project is being done to fulfill the requirements for masters of science candidates within the department of Housing, Interior Design and Resource Management.

I am the principal investigator of this project and can be contacted at (804)296-5280 should you have any questions. Dr. Ruth H. Lytton, professor of family financial management, is the faculty advisor on this project and she may be reached at (703)231-6678.

Thank you for your willingness to participate in this research project. Your participation is very much appreciated. Just before we start the interview, I would like to reassure you that as a participant in this project you have several very definite rights.

1. Your participation in this interview is entirely voluntary.
2. You are free to refuse to answer any question at any time.
3. You are free to withdraw from the interview at any time.

This interview will be kept strictly confidential and will be available only to members of the graduate student's research committee.

Please sign this form to show that I have read you its contents and that you understand your rights.

(sign)______________________________________

(print)_____________________________________

(date)_____________________________________

If you would like a copy of the findings of this project, please provide your mailing address below.

________________________________________

________________________________________
APPENDIX B

Biographical Data Sheet
Biographical Data Sheet

Date of Interview: _______________  Time: _______________

Place of Interview: ________________________________________________

Respondent's Name: ______________________________________________

Sex: M  F  Date of Birth: ________________________________

Birthplace: ______________________________________________________

Highest Level of Education: _______________________________________

Type of Business: _______________________________________________

Type of Business Organization:  Sole Proprietorship
                             Subchapter S Corporation
                             Regular Corporation
                             Partnership
                             Other

How long business in existence? ________________________________

Business Primary Source of Household Income?  Y  N

Other Sources of Household Income: ________________________________

Spousal Employment? ___________________________________________

Gross Business Income for the past year:
< 59,999  60,999-100,000
100,001-150,000  150,001-200,000
200,000-300,000  300,001-400,000
400,001-500,000  > 500,000

Owner's remuneration: ___________________________________________
APPENDIX C

Interview Guide
## Interview Guide

<table>
<thead>
<tr>
<th>Questions &amp; Prompts</th>
<th>Objective Environment</th>
<th>Person Dimension</th>
<th>Subjective Well-being</th>
<th>Societal Discontent</th>
<th>Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tell me about how you started your business.</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>• From what source did you acquire financing?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• In what other sort of business enterprises have you been involved?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How have community or governmental agencies assisted you in starting and/or running your business (SBA, extension service, governmental agencies)?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tell me about any courses or seminars you have taken or plan to take to help you run your business.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. How does the number of blacks in your community affect your business?</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• How do they help or hinder your professional goals?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. What are your thoughts on retiring from this business? (if none, go to 7 &amp; 8)</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>4. What are your thoughts on how your business experiences will affect your retirement plans?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• How will you support yourself in retirement?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>5. What are your plans for the business once you retire?</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• What are your children's plans with regard to the business?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• How does the market for this type of business look, if you would like to sell?</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• Have you thought about hiring a manager?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Who have you spoken to with regard to retirement planning (CFP, insurance agent, broker, etc.)?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• What sort of questions did your ask?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What kinds of advice did he/she give?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• What did you think of the information given?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>7. What helped you decide not to retire?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>8. What do you plan to do, if not retire?</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>• How will you accomplish these goals?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
APPENDIX D

List of Respondents
List of Respondents

1. Florist/Seamstress
2. Funeral Director
3. Mortician/Funeral Director
4. Bookkeeper/Accountant
5. Barber
5b. Barber/Hairdresser
6. Contractor
7. Mortician/Funeral Director
8. Mortician/Funeral Director
9. Video Store Owner
VITAE

Lori Sims Special was born on January 16, 1966 in Miami Beach, Florida. Upon graduating from American High School in Hialeah, Florida in 1984, she entered Howard University in Washington, DC. In 1988, she graduated with a Bachelor of Science degree in Consumer Education and Resource Management. She accepted a position as a consumer liaison with the Potomac Electric and Power Company in Washington, DC in May, 1988.

In August 1990, Lori became a full-time graduate student at Virginia Polytechnic Institute and State University. As a graduate student, she served as a teaching assistant in the Department of Housing, Interior Design, and Resource Management. She also participated in many 4-H and other volunteer activities, as well as performing an internship with Consumer Credit Counseling Service of Roanoke and Christiansburg.

In July 1992, Lori became employed by State Farm Insurance Companies, Eastern Regional Office, in Charlottesville, Virginia. She worked as a Life/Health Underwriter, a Life/Health Service Coordinator, and a Health Claims Examiner. While in Charlottesville, she served as Financial Planning Director for the Charlottesville-Albermarle Jaycees in 1993.

In July of 1995, Lori married Kenneth Special and moved to Oxford, Ohio. She received her Master of Science degree in Housing, Interior Design, and Resource Management in December, 1995.

Lori Sims Special