WHITE BUSINESS AFTER THE RIOTS
IN ROXBURY
REACTIONS, PROBLEMS, RECOMMENDATIONS

by

Riva Magaril Poor

B.A. Bennington College
(1956)

Submitted in Partial Fulfillment
of the Requirements for the
Degree of Master in
City Planning
at the
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August, 1968

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on Graduate Students

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Abstract

The purpose of this research was to attempt to understand the
nature of the crisis in the Blue Hill Avenue shopping area, the site of
two riots; so that we could assist decision-makers and actors to help the
people of this area. Thus, the objectives were to develop information
and policy recommendations, and to communicate to people what is needed
for the area.

The parties involved in the functions of the shopping area are:
white businessmen, local consumers, black businessmen operating on the
strip, black leaders pressing for black ownership, property owners, and
the City of Boston in terms of its tax yield and its reputation.

In May and June, 1968, 81 white business owners (81 firms) were
interviewed out of a total population of 112. Twenty-eight of these are
closed businesses. Twenty-seven are planning-to-close, and 26 not-
planning-to-close. Forty-eight of the 53 open owners want to sell their
businesses, but only 16 have taken active steps towards closure in any
form. Altogether, only 6 firms were sold, representing only 4 transfers
from whites to blacks.

It was important to know whether people closed because of
violence or because of business conditions. Both explanations had to
be rejected as too simplistic. Instead, two sets of factors are
associated with closure: Sensitizing factors and Decisive factors. The
Sensitizing set seems to induce people to consider closure (factors
possessed by the closed and the planning-to-close groups): worth of firm
below median (below $22,500); residence outside of the shopping area;
receipt of threats; either youthfulness or old age; ownership of other
Abstract

businesses; and ownership of the firm by one person, rather than several. But the possession of two additional factors from the Decisive set seems decisive in producing actual closures (factors possessed by the closed group only): severe damage (store burned or person beaten); downward trend of business before the riots; possession of outside income (other businesses, other jobs, working wives, etc.); and the use of own funds, not family's funds, to start their own businesses. These items indicate that the owners have to be both disturbed by events and also capable of doing something about their reaction. The not-planning-to-close seem not to be disturbed; the planning-to-close seem to be disturbed, but not able to do anything about their reaction.

Characteristics shared by all firms are irrelevant to the decisions. Surprisingly, these include insurance, bank loans, size of business, and status as owner or renter.

Among the policy recommendations is that of providing assistance to facilitate transfers: a non-profit broker service, fair appraisals, insurance, protection, financing, counselling, and communication of information about opportunities for help.

Justification for helping the people involved in this area is provided by the large numbers involved among the parties; by the fact that at least one policy (assistance with transfers) seems agreeable to all parties; and by the justice of providing "recompense" to parties who bear as individuals the brunt of a situation for which the entire society is responsible.

This research project attempted to incorporate action into its very process: the investigator provided interim reports to the sponsors, who represented various parties, so as to receive feedback--an iterative research process. Secondly, she acted as a broker to bring resources for black and white businessmen into the area. These relationships and actions continue beyond this report.

Thesis Advisor: Donald George Marquis

Title: Professor of Organizational Psychology and Management
Acknowledgements

The sponsors. The sponsors were the first and most important ingredient for getting this project moving. They were: Action for Boston Community Development, Inc, whose new Head, Robert M. Coard suggested the project; The Anti-Defamation League of the B'Nai B'Rith; the Model City Neighborhood Board; the Roxbury APAC; the Dorchester APAC; SNAP--South End Neighborhood Action Program; and The Jewish Community Council of Metropolitan Boston.

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Robert M. Coard, Head of ABCD, and former PH.D. scholar in the City Planning Dept., MIT, has provided tremendous opportunities for growth, letting me go ahead as far as I can, but always there for guidance when needed.

Ann Goldman, candidate for the degree of PH.D. in Statistics at Harvard, seemingly against the odds, very patiently taught me enough statistics to work on this report; and taught me the value of calling in a statistician before, not after, creating the design.

Emmanuel Eaves, President of the Roxbury Businessmen's Association, and a staff member of the Roxbury APAC, has in a very kindly way guided me through another culture and permitted me to guide him through mine. His criticisms of analyses made in this report were very useful: he has helped me to see more by looking from his point of view.
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All of the sponsors have been helpful. The speed with which the Business Assistance Program at the Harvard Business School came into the act, when called, is particularly commendable. My "lieutenants" for the field work deserve special mention: Jerry Brashear, Stan Brown, Bob Waters, and Tom Weck. And none of it would have been possible without Dick Missner's getting the ball rolling.

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I am very grateful to the Mellon Foundation for providing the Fellowship that made school possible this past year.

My husband Ward, despite the serious inconveniences my schooling and especially this research project have cost him, has lifted me up when I have been in despair, and has urged me always onwards. Aside from plentiful moral support, Ward has been an incisive critic when necessary. Lanie and Edmund, our children, have had a share in this education too; sometimes, through discussions of ethics and prejudice. My parents too have been very dear and helpful.

Last but not least, Barbara Titus spent the better part of a week at hard labor, typing this report, doing an excellent job despite the time pressure--and staying cheerful too.

To all of you, mentioned and unmentioned...thank you!
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Chapter One

PROBLEM STATEMENT

This study is about the white businessmen in the Grove Hall area of Roxbury, in Boston. Two riots took place in this area: one in June, 1967, and one in April, 1968, immediately following the assassination of Rev. Martin Luther King, a nationally known and respected black leader who had preached love and non-violence as the means to black equality and satisfaction in the United States.

At the end of April, 1968, we of the Planning Department at ABCD were wondering what, if anything, could be done to assist the people in this area--blacks and whites both. Robert Coard, who was then the Head of the Planning Department, and now the Executive Director-elect of the Agency, requested that I do this study.

Our intention was to gather information on the nature of the crisis in the business area for the purpose of assisting potential decision-makers and actors, in both the public and the private sectors, to help the people of this area.

This Chapter (1) provides a brief sketch of the background of Grove Hall; (2) states the purpose for doing this study; (3) describes the problem as it seemed before collecting and analyzing the data, stating assumptions and questions in the form of hypotheses; (4) states the policy questions; and (5) describes the organization of the rest of this report.

(1) BACKGROUND

Description of Grove Hall. The area known as Grove Hall is a commercial strip along Blue Hill Avenue, covering about 16 blocks. It
Problem Statement

starts at Dudley Street to the north where there is a police station and a church, and extends down to Seaver Street to the south, where Franklin Park begins. The intersection of Blue Hill and Warren and Washington Streets is Grove Hall proper, but the entire area is referred to either as Grove Hall or as Blue Hill Avenue or "the strip".

The entire strip has been very run-down in appearance for several years. While the surrounding area had originally been a middle-class Irish residential area, about forty years ago a wave of Jewish immigrants had settled in; and for many dozens of years, this had been a mostly-Jewish area. The stores matched the clientele. There were many kosher meat markets, tailors, bakeries, confectionaries, clothing stores, music teachers, and so forth. A large Temple had been constructed quite near to the Catholic Church. There were practically no liquor stores nor taverns as there are now.

Three major changes have affected the area since those days. On a national level, merchandising had long ago started to change from the small-scale approach found on Blue Hill Avenue to large scale operations. Locally, the residential area went through another major population upheaval. About a dozen years ago, blacks started moving in from the South; and the Jewish people started moving out to the suburbs. The net result was not only a change in the particular people who lived there, but also a net population decrease.

The area is now a predominantly black residential area with relatively low population and with many run-down and vacant houses, and vacant lots.

Since the transition, and particularly within the past five years, rumors that the Boston Redevelopment Authority would announce plans to redevelop (raze) the area have been an additional factor affecting the area. The threat of urban renewal and the fact that taxes had never been adjusted downwards to reflect the lowered profitability of the commercial property combined to decrease upkeep in the area so that it became extremely shabby.

Up until recently, the white businessmen numbered a few hundred; because, even though many had moved away to follow their old clientele, many had stayed and adjusted their ways and their wares to the new
Problem Statement

clientele, and at the same time, still received business from the old-timers who came back to shop.

Since the riots, at least 38 white businessmen are known to have left the area. Where there were about 40 vacancies two years ago*, there are now 80 vacancies. This is a rise from about 11% two years ago, to almost 30%. But it is obvious that the process began long before the riots.

Every other store appears to be boarded up—even many of the open stores are operating behind boarded windows. All the white merchants leave their stores early in the day while it is still light.

Such is Grove Hall, which is just about the geographic center of Boston's black residential community—a very poor symbol of the conditions to which many hopefuls moved up from the South.

Recent History in the Black Movement. A few words about recent developments in the black movement for equality and satisfaction are in order, because they too are part of the context in which the problem developed. The pertinent recent development can be summed up in a few sentences: blacks had come to press for an economic stake in their community—their leaders had been voicing their need to own businesses, especially in their own communities, and had been looking for ways to develop business ownership, without much success. With the goal of business ownership set, but results not forthcoming, there was a good deal of resentment on the part of at least some blacks toward the white merchants in their midst.

(2) PURPOSE

The purpose in undertaking this research was to gather information that would tell us what needed to be done in a clear enough fashion that decision-makers and actors could use the information to assist the people of the area—both black and white.

A three-step development was envisioned for the project. First, it would be necessary to understand the reactions of the businessmen,

* A Table showing the changes in numbers and per cents is in Chapter Three, page 18. Demolitions reduced the number of business quarters available, thereby giving a triple increase in per cent vacant, while the numbers vacant doubled.
their reasons for reacting as they did, and their problems in accomplishing whatever plans they might be making.

Then this information would be plugged into the basic framework of public goals, as we understand them: namely, that it appeared to be a juncture in time at which the interests of all the factions involved in the crisis area would converge in business transfers. We would also be checking on our assumptions as to the interests of the factions as we went along; the factions being the white businessman, the blacks who want to own businesses (or want other blacks to own businesses), and the consumers in the area.

The third step would be to use the information and the goals together as a basis for policy recommendations.

(3) HYPOTHESES

The assumptions, expectations, and questions were stated in the form of hypotheses in order to facilitate more rigorous investigation. The businessmen would be interviewed, and their answers used to prove or to disprove the hypotheses.

The basic questions that we* had were: how bad is the situation? What needs to be done? and what can be done?

It seemed that the transfer of businesses from whites to blacks would be paramount in everyone's minds, and also in the public interest. It was important, however, to check on whether people wanted this, whether transfers were happening, and also to find out what were the problems in transferring, and what could be done to facilitate transfers.

The possibility that the area might become a "ghost town," if no help were provided, seemed real. This would be undesirable for the businessmen and property-owners and for the City's tax base. It would also be undesirable for the consumers in the area; because transportation out of the area is difficult (little public transportation and low

* I have prefaced the expectations that follow with "we expect," because these assumptions were not mine alone, but were in many cases held by colleagues, the public, etc.
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automobile ownership); and many people there are old or tied down with children, and nearly housebound.

A ghost town atmosphere would also be bad for the black businessmen in the area. (For example, although people speculated that the reduced competition would improve business for the owners who remained, talks with black owners as well as white ones point to the opposite effect: people are not coming into the area to buy as they used to, and business is getting very thin.)

Clearly, it would be in the interest of a great many people to do something; it would be a public need which would justify intervention and assistance from the public sector, at the least, and perhaps also from the private sector.

The hypotheses that follow are the spin-offs or subsets of the basic questions and assumptions above. The hypotheses are numbered so that the results can easily be found by looking them up by number in Chapter Three, on results.

(1) that relatively few white businesses are left in the area since the riots;
(2) that many important consumer services are no longer available to the neighborhood people;
(3) that little transfer of ownership has taken place;
(4) that white owners who closed are in serious difficulty and are desirous of help;
(5) that white owners who stayed are frightened;
(6) that these still-open business owners are taking measures to protect themselves;
(7) that the open-business owners would desire help;
(8) that most of these open owners want to leave;
(9) that most of these owners are taking active steps to leave;
(10) that the owners' businesses had been sufficiently good that they have the resources to leave if they desire to leave--resources to retire on or to start elsewhere with;
(11) that insurance--lack of insurance--is a big problem to the businessmen, both to those who remain and to those who want to sell or buy in;
(12) that owners who want to sell are running into problems with potential buyers: (a) that buyers do not have enough money to buy with; and (b) that sellers want cash for their businesses, rather than being willing to hold a mortgage;
(13) that most businessmen would be too bitter to consider staying on to help a new owner in the event of a sale;

(14) that the white businessmen would be very bitter and angry with blacks;

(15) (we did not consider the businessmen's reactions to the police, but their reactions are recorded in the section on results--with this number.)

(16) that many businesses are too complex for a new or inexperienced person to take over and run successfully;

(17) that many businesses are too costly for blacks to take over;

(18) that businesses are not being offered at a "fair" price (although we hoped that they were being offered at a fair price);

(19) that the following factors are conducive to staying (that is, encourage the businessmen to remain in the area):
   (a) ownership of the business quarters;
   (b) youth;
   (c) long association with the neighborhood; and
   (d) high profits;

(20) that the following factors are conducive to closing:
   (a) fear;
   (b) family pressure to close;
   (c) advanced age;
   (d) violence suffered;
   (e) independence of location;
   (f) loss of assets; and
   (g) availability of other options;

(21) that the factors leading to closure are such that the more factors a firm had, the more likely it would be to close;

(22) that the businessmen who had been doing poorly before the riots are showing less initiative in dealing with their problems now, and that those who had had growing businesses are acting with more initiative;

(23) that business has improved for some since the riots, due to reduced competition; but that those businesses relying on walk-in trade or customers from other (white) areas would be doing less business than before;

(24) & (25) that the general profile of the white businessmen would include the following characteristics:
Problem Statement

(a) single proprietorships, rather than 2 or more owners;
(b) dependence on this business as sole source of income;
(c) located here for many years;
(d) Jewish;
(e) small business employing four people or fewer;
(f) work long hours;
(g) married, living with spouse, has children;
(h) had help from family in starting his business;
(i) came from a family with a business background;
(j) major obstacles when starting out were underfinancing & lack of experience;
(k) started making money at an early age (under 12);
(l) went into business to meet a challenge;
(m) had other options, but preferred business; and
(n) does not want his children to be businessmen, because he had a hard time.

(26) that some of the data collected about the white businessmen would be useful for later studies of black businessmen; for comparing amounts of insurance, family business background and experience; credit availability; skills, and so forth.

(4) POLICY QUESTIONS

(1) What would facilitate the transfer of white business to blacks?
(2) What policies would assist the situation in the Grove Hall area?
(3) What would justify public intervention into these "private" affairs?

(5) ORGANIZATION OF THE THESIS

Chapter One, Problem Statement, states the background of the Grove Hall area, the purpose for doing the study, the hypotheses, and the policy questions that are to be answered.

Chapter Two, Method, covers the following topics: Design, Controls, Subjects, Samples, Interviewers, Questionnaires, Procedures, and Analysis.
Chapter Three, Findings, states which hypotheses were supported or disproved by the study, and lists and discusses two questions that were not answered in full by the study.

Chapter Four, Factors and Non-factors in the Decision to Close, is the heart of the report in that it examines in detail the factors that seem to have led to the decisions made, and the relationships among the factors. It includes discussion of the findings in Chapters Three and Four through comparison of the three groups: the closed, the planning-to-close, and the not-planning-to-close.

Chapter Five summarizes the report and answers the policy questions posed in Chapter One. It includes a list of actions that resulted from this investigation and some discussion of action-research, as applied to this project.

The Appendix contains the questionnaires for the open and closed businesses; Findings from a survey of professional business brokers; a Comparative list of types of businesses among the people interviewed; miscellaneous letters of introduction used by the interviewers; and a section giving a brief explanation of the use of statistical tests, and giving formulae for those tests used in this analysis.
Chapter Two

METHOD

This Chapter explains the following subjects: (1) Design, (2) Controls, (3) Subjects, (4) Samples, (5) Interviewers, (6) Questionnaire, (7) Procedures, and (8) Analysis.

(1) DESIGN

Investigations of human reactions to major events cannot usually obtain an experimental research design in which subjects are collected, a major event occurs or is administered, and then the subjects react, giving the experimenter the opportunity to determine whether the subjects reacted according to his hypotheses.

The design of this research project was not experimental in the sense described above, but instead, descriptive. The events (riots) occurred to the subjects and the subjects reacted to the events before the investigator came on the scene. Thus, the investigation worked backwards from reactions to events, to the testing of possible reasons for the reactions reported.

This is a limited approach, but it was the only one available.

(2) CONTROLS

Because of the reversed sequence of events in this type of research design, no deliberate attempt was made to obtain a control group unaffected by riots--from outside the riot area. Nonetheless, the subjects often selected themselves into "control" groups. For example, one hypothesis concerned the relationship between damage sustained and closure: the closed firms turned out to be the ones with the serious
damage. Another hypothesis concerned the relationship between an upward business trend and non-closure: again, the open group contained almost all of the upward trend firms.

This is serendipity, rather than design.

(3) SUBJECTS

The subjects were white business owners who were operating in the Grove Hall area of Roxbury (the riot area of Boston) during the first two weeks of May, 1968, or who had been operating businesses in that area during the past two years.

Eighty-one subjects were interviewed. They classified themselves into three groups of nearly equal size: the closed, the open-planning-to-close, and the open-not-planning-to-close. Having questioned the open group as to their plans, the ones who said they planned to close were classified as such; the ones who did not plan to close or who were undecided were classified as not-planning-to-close. (A figure showing the numbers in each group is on the page following this one.)

(4) SAMPLES

The numbers of interviews conducted represent almost complete coverage of the population, rather than just a small sample. The almost complete coverage goes a long way towards making up for whatever inadequacies there may have been in the procedures.

Of the 74 open white businesses in the area, 53 were interviewed. Seven of the 74 were taverns and were purposely omitted in order to avoid the possibility of creating any brawls; meaning that we interviewed 53 out of the 67 apparently feasible possibilities.

Twenty-eight of the 38 closed white businesses were interviewed. Ten people could not be traced. Eighteen of the 28 interviews were full interviews, and 10 of the interviews were partial, conducted by phone with people who refused to be interviewed at greater length or in person. Twelve of the complete interviews were done in face-to-face sessions.
THE 81 FIRMS THAT WERE INTERVIEWED FORM THREE GROUPS:

THE OPEN-NOT-PLANNING-TO-CLOSE, THE OPEN-PLANNING-TO-CLOSE,
AND THE CLOSED.

OPEN, NOT PLANNING TO CLOSE: 26 firms
OPEN, BUT PLANNING TO CLOSE: 27 firms
CLOSED: 28 Firms
(5) INTERVIEWERS

The interviewers were graduate students. They were mostly from the Harvard Business School (provided by the Business Assistance Program, a student-run helping program), and a few people from Sloan and other graduate schools at MIT.

About thirty interviewers worked on the interviews. This was possibly a defect as far as overall consistency goes; however, the coverage achieved could not have been achieved in the short time in which it was done without the help of these many people. Also, a few interviewers and I did the bulk of the interviews, providing some consistency.

For the first set of interviews (the ones with the open businesses) the interviewers initially went out in pairs and later interviewed singly. Since it developed that they had not had enough practice with the protocols, for the second set of interviews, the ones with the closed businesses, I held formal practice sessions before sending out the interviewers. Also, the interviewers used a buddy system for these interviews.

The reason for the buddy system was that experience taught us that the businessmen seemed more comfortable with the respect, formality, and importance implied by a visit of two people.

(6) QUESTIONNAIRES

The questionnaires used in the interviews with the businessmen contained questions designed to test hypotheses concerning the businessmen's reactions to violence, their decisions, their reasons for deciding, and their "freedom" to decide. The protocol further contained a number of questions designed to measure the extent of the "crisis" and to give background material about the businessmen's lives and manner of managing their firms.

Emphasis was placed on eliciting information about riot and other damage sustained and about business conditions and profits in order to test whether decisions to leave or to stay in the area were correlated with these factors.
The questionnaires took from half an hour to an hour and a half to administer. They were nearly identical for the open and the closed business owners. (Both questionnaires are in the Appendix.)

(7) PROCEDURES

The interviewers opened with a handshake and showed their school identification. Then they showed letters of introduction and explanation (in Appendix) from George Bennett, the Head of ABCD, and from Sol Kolack, the Head of the Anti-Defamation League. The subjects were assured that their interviews would be kept confidential. Most of the owners of open businesses were very anxious to communicate their views (a typical remark was: "It's about time you people got here.") The owners of closed businesses were less welcoming, on the whole. Still, most of the businessmen talked at great length (a professor from Harvard, Shulamuth Gross and I, acting as a team, did one interview that lasted six hours!). The subjects were thanked at the end of the interview, and were told that they could receive copies of the results if they asked to see them. We had about 20 requests, which I intend to honor as soon as the final report has been mimeographed.

The Open Businesses. These interviews took place during the first two weeks of May, 1968. The interviewers arrived daily on Blue Hill Avenue, and approached and interviewed owners as they found them. They prepared maps of the blocks as they went; so that there was a complete count of the open businesses.

The Closed Businesses. The interviews with the owners of the closed businesses took place during the latter part of May and throughout June, 1968. The method of locating closed businesses was to ask neighboring open businesses for the names of owners of nearby vacant stores; and also to ask each open-business owner who was interviewed to give us the names of all businessmen that he knew had left. This produced a good deal of overlap, but it was worth it. On the other hand, the method probably had the defect of our missing some of the closures that had been accompanied by transfer although the open-business owners did produce some of these cases. In short, we cannot
be sure how many closures actually took place--our number is definitely a minimum number--and also we cannot tell how representative the sample was. Obviously, it is skewed towards overrepresentation of the business owners who could be located.

Once we had the names of some of the closed owners, we still ran into difficulties locating them. We used the Boston area telephone books and scores of phone calls with some success. In some cases, we tried the former landlords, but this did not help. In one case, I was able to locate an owner through the liquor licensing board. Despite all efforts, ten owners could not be traced.

Having located some of the former owners, we telephoned them for interview appointments at their homes or new businesses. The telephone for appointment approach was much less successful than walking into the stores had been. It might have been better either to write the owners first, before phoning, or to conduct the interviews immediately during that first telephone conversation. After we had had a number of rejections, I went over the list that had refused to talk to interviewers, and conducted five interviews by telephone (these interviews lasted half an hour to 45 minutes). I did not recontact those refusers whom the interviewers had indicated as feeling harassed by us; because, after trying two of these, I decided that they had had enough trouble without my annoying them further.

For the telephone interviews, I offered the subjects the telephone number of the Anti-Defamation League so that they might check up on me before talking. They did not bother to check up, but they seemed reassured by the offer. Also, I answered questions about who I am as much as seemed necessary to establish some comfort for the subject.

The second defect in this sample was that, since those who had experienced the worst damage were the least likely to be willing to talk with interviewers, the sample was biased towards overrepresentation of those who had had less damage.
Methods

(8) ANALYSIS

Tallying. Several questions were omitted from the tallies, because they had been worded so loosely as to be unreliable indicators of characteristics. Only those questions that were concise were tallied and reported here, although most of the questions could have been tighter if I had known when devising the questions what I have learned since.

Secondly, very few of the tallies total 81 (the number of interviews), because subjects did not answer all questions.

Statistical Techniques. In contrast to the use of many interviewers, all analysis was done by me, using standard tests of significance for contingency tables: the Chi-Square Test, the Chi-Square Test with Yates Correction for too-small cells, and the Fisher Exact Test for the very small total number sets or when a cell contained only a one or a zero. (Formulae are in the Appendix.)

(9) GEOGRAPHICAL AREA COVERED

The study area was Grove Hall, which is a strip of about sixteen blocks along Blue Hill Avenue, running from Dudley Street to the north to Seaver Street to the south. Grove Hall proper is near the southern end of the strip, and is the intersection of Blue Hill Avenue, Warren, and Washington Street. The area from Quincy Street, which is at the approximate half-way point along the strip, to Grove Hall proper has about twenty civil rights and community service organizations; and is sometimes called "Agency Row." It also has the highest proportion of black store-owners.
Chapter Three

FINDINGS

This Chapter reports the findings of the study: (1) lists the hypotheses of Chapter One, and states whether they are supported or denied by the findings; and (2) discusses questions not fully answered by the study.

This Chapter does not go into great detail on the findings. Most of the detail will be found in Chapter Four which presents and discusses the factors and non-factors in the decisions made by the three groups of businessmen. Other detail will be found in the Appendix.

(1) FINDINGS

This section lists the hypotheses, states whether they were confirmed or denied by the information collected, and gives supporting evidence for their confirmation or denial.

1. BASED ON DRIVING THROUGH THE AREA AND SEEING MANY STORES BOARDED UP AFTER THE RIOTS IN APRIL, 1968, WE EXPECTED TO FIND RELATIVELY FEW WHITE BUSINESSES LEFT ON THE AVENUE.

There was a total of 87 fewer firms operating now than in 1966. Seventy-four white businesses were still in operation. Thirty-eight white firms were found that had closed in the past year, but more than this number had left in the past two years.

Forty firms that had been there in 1966 now could not be accounted for. This discrepancy is probably due partially to the differences in the methods of surveying, and due partially to some demolition of commercial buildings in the area.
A Table showing the changes in numbers and per cents is on the following page.

2. THINKING THAT MANY FIRMS HAD CLOSED, AND ALSO HEARING THAT MANY IMPORTANT STORES HAD BURNED OR CLOSED, WE EXPECTED TO FIND MANY IMPORTANT SERVICES WOULD BE UNAVAILABLE TO THE CONSUMERS IN THE AREA.

Partially true. There were still stores represented in each category of business that had been present before--although there are now fewer stores. A particular problem is in the current scarcity of pharmacies--only two were still open in May, 1968, out of a former total of six.(Lists of the open and closed businesses are in the Appendix.)

On the other hand, if the trend continues as it has in the past, there will be serious difficulties. Two years ago there were about 11% vacant stores; today, 30%.

A table is on the next page.
CHANGES IN NUMBERS OF OPERATING FIRMS AND IN VACANCIES OVER THE YEARS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PER CENT VACANT</th>
<th>NUMBER VACANT</th>
<th>FIRMS IN OPERATION</th>
<th>VACANCIES PLUS OPERATING FIRMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>29.0%</td>
<td>80</td>
<td>TOTAL .............. 198</td>
<td>278**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Black-owned Firms.... 102</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>White-owned Firms..... 76</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Civil Rights, Social</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Service, &amp; Other</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Agencies............... 20</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>11.4%</td>
<td>37</td>
<td>TOTAL .............. 285</td>
<td>322</td>
</tr>
<tr>
<td>1955</td>
<td>5 %</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1945</td>
<td>10 %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>4 %</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Source: Figures for 1968 were derived from a foot-survey in May of this year. Figures for 1966 are from a foot-survey in July, 1966. Earlier figures are estimates based on material in the Polk Directory for the years named. Material for all years prior to 1968 are from R. Poor, Blue Hill Avenue Shopping Facilities, Boston Redevelopment Authority, May, 1967, Statistical Appendix.

** Query: Where are the 44 firms comprising the difference between the 1966 and the 1968 totals? It is suggested that the difference is due partly to differences in the surveying techniques, and partly to some demolitions of commercial buildings.
3. WE EXPECTED TO FIND THAT VERY LITTLE TRANSFER OF OWNERSHIP FROM WHITES TO BLACKS HAD TAKEN PLACE.

True. Only six cases of sales (one of which was in process) came to light, although there may have been others. Certainly there were sales over the years, because there are now 102 black-owned businesses in an area that probably had none fifteen years ago. On the other hand, the number that occurred recently is difficult to assess; we know only that the current number of black-owned businesses appears to be very close to the number estimated two years ago, and not greater.

Only 5 of the 38 known closed businesses represent transfers of ownership. The other 33 were not sold. Two of these businesses were sold before the riots, one to a black and one to a white. (The one sold to the black failed; the one sold to a white was burned out.) Of the three recent sales, two were sold to blacks (one is out of business), and one was sold to a white (still operating).

There seem to be no prospective buyers on the scene. Only 3 of the 53 open business owners reported a prospective buyer. One of the 3 had concluded negotiations for the sale and was closing.

4. WE EXPECTED TO FIND THAT WHITE OWNERS WHO CLOSED WOULD (a) BE IN SERIOUS DIFFICULTY AND (b) BE DESIROUS OF HELP.

(a) Not Determined.

Only ten of the 38 firms (one fourth) survived as businesses; these relocated to other areas. Three other firms have had survival of a sort in that their owners consolidated into their previously existing branch locations. Thus, thirteen sets of owners are still in business; the other twenty-five sets are retired (4), employed in other people's businesses (7), unemployed (4), or have dropped out of sight and cannot be traced (10).

(b) The owners who had left were very proud, and in many cases

* In "Blue Hill Avenue Shopping Facilities..1966," R. Poor, Boston Redevelopment Authority, 1967, the number of black-owned businesses was estimated as about 50% of the total number of businesses--about 130.
refused to answer whether they needed help or not. They said they were getting along and were thankful that they were out of the area and still alive.

The number who did ask for help was 6 out of 15. They asked for the following types of assistance: help to find buyers for property and equipment left behind, to find new locations, or to finance opening a new business. The people who had given up business--those working or retired--did not ask for assistance. No one stated that they should be "compensated."

5. WE EXPECTED TO FIND THAT THE WHITE OWNERS WHO STAYED WOULD BE FRIGHTENED.

True. Riots, damage and threats have created tension and even panic. Forty-six of 52 said that they were afraid that their stores would be harmed in some way--looted, vandalized, robbed, or burglarized. Thirty-four feared very serious damage--burning, looting, and vandalism. Fourteen feared personal harm as well (beatings).

6. WE EXPECTED TO FIND THAT THOSE WHO STAYED OPEN ARE TAKING MEASURES TO PROTECT THEMSELVES: CLOSING EARLIER, REDUCING INVENTORY, CARRYING GUNS, AND PUTTING MORE BARRIERS ON DOORS AND WINDOWS TO MAKE BREAKING IN MORE DIFFICULT.

True. All who stayed have taken several protective measures. Several owners carry revolvers on their person or have them near to hand. Several have heavy sticks, broom handles, or axes. (This further measures the fear of personal harm.)

7. WE EXPECTED TO FIND THAT THE WHITE OWNERS WHO STAYED WOULD DESIRE HELP.

True. The number who asked for help was 20 out of 35. They asked for the following types of help: more protection; they wanted their plight explained to people; and they are concerned to see attitude changes brought about. The ones who planned to leave wanted specific help locating buyers, new locations, and financing.
8. We expected to find that most of the owners who stayed would want to leave.

True, as indicated by their stating that they would like to sell. Forty-eight out of 53 businessmen said they would like to sell their businesses. Even the 26 businessmen who said that they did not plan to close did want to sell their businesses; 21 out of 26 of the not-planning-to-close said they would like to sell.

Twenty-seven of the still-open business owners said that they were planning-to-close; 26 said that they were not-planning-to-close.

It seemed obvious that the owners' statements of plans—whether they planned-to-close or did not-plan-to-close—were not of themselves an indication of their desire to close! This is because plans are necessarily a function of the owner's estimation of the feasibility of his coming out of a closure with enough money to survive on or to start over again with. In most cases, the feasibility of possessing such resources upon closure would depend on selling. But for many, perhaps almost all of the still-open businesses, selling does not appear to be a realistic possibility. Thus, in this as in other things, plans and desires are not synonymous.

In fact, the businessmen face a dilemma: many owners seem to feel that it is difficult to stay—but difficult to leave, too. Obviously, if it were easier to leave, that would get them out of the dilemma. Also, if it seemed more dangerous to stay than it currently seems to the businessmen, they would be willing to take the loss to save their skins; and get out of the dilemma that way. But by and large, the businessmen do not have the resources, nor do conditions seem so extreme to them.

9. We expected to find most of the businessmen taking active steps to leave.

False. This was far from the case; instead, very few have taken active steps. Only 16 of the 27 businessmen who said that they planned to close were taking active steps to close: looking for buyers, making plans to liquidate, looking for a new location, planning to move, etc.
10. WE EXPECTED TO FIND THAT THE OWNERS' BUSINESSES WERE SUFFICIENTLY GOOD THAT THEY HAD THE RESOURCES TO LEAVE IF THEY DESIRED TO LEAVE—RESOURCES TO RETIRE ON OR TO START OVER AGAIN WITH.

False! Most businesses were relatively small; most businessmen appeared to be relatively provincial and unequipped to deal effectively with the demands placed on them by the upheaval in their business district; and few owners had outside resources of any kind.

The people who were best equipped to leave were the ones who left. These people had had outside businesses and other outside resources, and appeared to operate more closely to the concept of "economic man." They had shown more independence of spirit in starting their businesses with their own money, rather than with family money.

The owners of the larger businesses felt that there was less chance for them to be able to sell their businesses (because of the necessarily higher price involved); and had more to lose by just closing. In some cases several partners or stockholders are involved, making the decision to close more complex.

Age was an additional handicap for the middle-aged group (those 40-54 years old), because they feel that it is too late for them to start over again elsewhere, but too soon for them to retire.

11. WE EXPECTED TO FIND THAT INSURANCE--LACK OF INSURANCE--WOULD BE A MAJOR PROBLEM FOR THE BUSINESSMEN, WHETHER THEY WANTED TO STAY OR TO SELL.

True, it is a problem, but not the primary one. For instance, there was no correlation between closure and lack of insurance!

Still, it was cited as a big problem. People often mentioned lack of insurance or inadequate insurance as a big worry. They also sometimes mentioned not putting in claims for minor damage for fear that policies would be cancelled and there would be no insurance if something big happened. Constant petty damage without recompense, either because the businessmen have no insurance or because they are afraid to claim on minor damage, makes the cost of doing business in the area high.

High premiums were cited as a problem. These discouraged some from
attempts to get insurance; those who did get insurance again had a higher cost of doing business.

It seemed that in many cases the brokers might be at fault in not obtaining insurance for their clients. Perhaps the brokers are fearful of their reputations or their access to insurance companies if they place policies with firms that might sustain heavy damage and make large claims. Lack of insurance was mentioned as a barrier to selling businesses, because loans cannot be made without insurance.

Sixteen of the 53 open businesses had no insurance. Twenty-three had some of their insurance cancelled. Thirty-two said that they could not get more insurance than they presently have—either because the companies would not give it, or because the premiums would be too high for them to afford.

Most owners who had insurance had only fire insurance and no insurance against burglary nor other sorts of damage.

12. WE EXPECTED TO FIND THAT PEOPLE WHO WANT TO SELL ARE RUNNING INTO PROBLEMS WITH POTENTIAL BUYERS: (a) THAT BUYERS DO NOT HAVE ENOUGH MONEY TO BUY AND (b) THAT SELLERS WANT CASH FOR THEIR BUSINESSES, RATHER THAN BEING WILLING TO HOLD A MORTGAGE.

(a) Instead of finding that buyers' lack of money was the main problem, the nearly total absence of potential buyers was the main problem! This may be because lack of money deters people from approaching owners; but it may also be because blacks are not interested in buying and operating businesses, or because they are not interested in buying these businesses!

The several people who had been approached by potential buyers did cite lack of money as the prime problem, although there was a problem with attitudes, too.

Only 4 of the 53 open businesses reported a prospective buyer, although several had talked with people whom they did not consider prospects.

The following problems with offers to buy were cited:

—-that offers are ridiculously low—-below the cost of inventory
Findings

--that attempts at extortion are made
--that the buyer has no money and has no chance of coming up with money.

People do not have much hope of selling. Those who have advertised their desire to sell have met with almost no success. Also, the owners do not see other people selling their businesses. All told, only 6 sales are known to have taken place since the riots (a year ago), although it is probable that other sales have occurred and have not been noted.

Even the Urban League, a community institution that has been working in the area of economic development and business transfers for over a year, is quoted in the Boston Sunday Herald (July 28, 1968, page 49) as stating they have come up with only 12 potential buyers, and nothing was said about actual buyers. These items measure the seriousness of the dearth of potential buyers.

(b) Eleven of 38 businessmen said that they would be willing to hold a mortgage on the business in order to be able to make a sale. Willingness to hold a mortgage measures willingness to sell. More of the owners who were planning to leave were willing than those not planning to leave. Only 3 of the not-planning-to-close were willing.

On the other hand, the unwillingness also indicates need for cash for starting over again.

13. WE EXPECTED TO FIND THAT MOST BUSINESSMEN WOULD BE TOO BITTER TO CONSIDER STAYING ON TO HELP THE NEW OWNER IN THE EVENT OF A SALE.

False! Thirty-six out of 38 businessmen said they would stay on, without pay, to help a new owner.

14. WE EXPECTED THE WHITE BUSINESSMEN TO BE VERY BITTER AND ANGRY WITH BLACKS.

False, surprisingly enough! There was remarkably little resentment and little expression of racial prejudice on the part of these owners, despite damage and fears.

As a measure of this attitude, 19 of 27 owners of open businesses said they would be willing to counsel a black businessmen, without pay--
whether they sold their own business or not.

Most people said they felt that only a few "hooligans" were involved in the riots, and that most people in the area were very nice. (This runs counter to the reports that many rioters were not "hard core," but were young men with decent or semi-decent jobs; that they were local people; etc.) Secondly, many stated that their customers have begged them to stay on, and that many customers had come in to apologize "for the riff-raff."

On the other hand, there were some cases of pronounced prejudice and anger. A few people made statements such as the following:

"They're trying to get these places for nothing, but I'll burn down my own business before I'll let somebody take it away from me for nothing";

"These people don't bother me: they know I carry a revolver and that I'll use it, too, if I have to";

"We'll stand and fight like the Israelis"; and

"If there's any more trouble, all of us will close for a week; and then they'll see what they have here without us, and they'll beg us to stay open; and there won't be any more trouble."

15. WE DID NOT CONSIDER THE BUSINESSMEN'S REACTIONS TO THE POLICE, BUT MANY TOLD US WITHOUT BEING ASKED.

Many told us, without being asked, that police protection was very poor. The only kudos given to the police were from owners in Grove Hall proper. N.E.G.R.O., a black organization doing security patrols, was praised several times.

16. WE EXPECTED TO FIND THAT MANY BUSINESSES WOULD BE TOO COMPLEX FOR AN INEXPERIENCED PERSON TO TAKE OVER AND RUN SUCCESSFULLY.

Not determined. Several owners felt quite strongly that their firms were too complex to be taken over and run successfully by a novice. They said that it had taken them years to learn while their stores had grown; they also said that the amount of work and long hours that it took are both prohibitively high.
17. WE EXPECTED TO FIND THAT MANY BUSINESSES MIGHT BE TOO COSTLY FOR
BLACKS TO TAKE THEM OVER.

Possibly true; but this cannot be determined without information
about black buying power.

The median asking price was $22,500. (This was given usually as
the price for inventory alone.)

To get an indication whether this is too high for blacks to afford:
the median is close to the maximum that can be borrowed under Small Business
Administration Economic Opportunity Loans (maximum is $25,000 FOR PEOPLE
WITH EXPERIENCE; $15,000 for people without).

18. WE EXPECTED THAT BUSINESSES WERE NOT BEING OFFERED FOR SALE AT A
"FAIR" PRICE (ALTHOUGH WE HOPED THAT THEY WOULD BE).

Possibly true; but this cannot be determined without professional
appraisal.

The businessmen were asked to state whether they would be willing
to sell for a "fair" price (48 out of 53 said that they would); and were
asked to state what a "fair" price would be. Most described a "fair"
price as just the cost of inventory with nothing for fixtures nor for "good
will." Occasionally, the price of the land and building were included.
They said things like: "just give me dollar for dollar for my inventory,
and I'll throw in the fixtures, and leave a happy man!"

19. WE EXPECTED THAT THE FOLLOWING FACTORS WOULD BE CONDUCIVE TO STAYING:
(a) OWNING THE BUILDING, RATHER THAN RENTING; (b) YOUTH; (c) LONG
ASSOCIATION WITH THE NEIGHBORHOOD; AND (d) HIGH PROFITS.

(a) Owning turned out to be irrelevant, as was renting (cited in
the Chapter on Factors and Non-factors);

(b) Youth was not conducive to staying; middle-age was (a chart is
available on the following page);

(c) Long association with the neighborhood was relevant only in
that people felt emotionally attached and sorry to have to leave; but local
residence was associated with staying; and
THE NUMBERS AND PROPORTIONS OF OWNERS OF VARIOUS AGES MAKING VARIOUS DECISIONS SHOWS A CORRELATION BETWEEN "MIDDLE" AGE (40-54 years old) AND NOT-PLANNING-TO-CLOSE.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>N*</th>
<th>P**</th>
<th>C***</th>
</tr>
</thead>
<tbody>
<tr>
<td>80-84 years old</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>75-79</td>
<td>0</td>
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</tr>
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<td>70-74</td>
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<tr>
<td>30-34</td>
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</tr>
<tr>
<td>25-29 years old</td>
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<td>0</td>
</tr>
<tr>
<td>24%</td>
<td>22%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

* N.--Not-planning-to-close owners
** P.--Planning-to-close owners
*** C.--Closed owners
(d) Profit was conducive to staying in that those businessmen who said that the trend of business had been "steady" or "up" were mostly among the open businesses; and many of the closed businesses had been going "down." However, a word of caution is necessary here: we do not know how much profit is involved or the magnitude of the sales trend; so we are in no position to judge what standards the owners used nor how consistent these standards are among the owners.

20. WE EXPECTED TO FIND THE FOLLOWING FACTORS WOULD BE CONDUCIVE TO CLOSING: (a) FEAR; (b) FAMILY PRESSURES; (c) ADVANCED AGE; (d) VIOLENCE SUFFERED; (e) TYPE OF BUSINESS THAT IS RELATIVELY INDEPENDENT OF LOCATION; (f) LOSS OF ASSETS WITH WHICH TO RESTART OR REMAIN OPEN; AND (g) AVAILABILITY OF OTHER OPTIONS.

(a) Fear was conducive to closing;
(b) Family pressure was occasionally mentioned, but not often;
(c) Advanced age was conducive to closing, but so was youth;
(d) Violence suffered was conducive to closing;

There have been many incidents of damage and there is a lot of fear.

Almost everyone has suffered damage, and suffered damage repeatedly. Only 8 businesses (of the 53 open ones) have had no trouble. Forty-four had some damage. Thirty-two have been damaged during one or both riots. Forty-one have been damaged both during a riot and at other times. There have been 16 incidents of very serious damage (mostly during the riots) - property damage of $5,000 and over and one case of a beating. Nineteen people said that they received oral threats. Several people report that their black managers and employees have been threatened or "coerced to leave." Several report that their white employees are afraid to come to work. They are finding it difficult to keep their employees. Several employers drive their employees to and from work (both black and white employees).

Thirteen of the closed firms suffered very serious damage: eight firms were burned out, and five other firms suffered personal injury (beatings) to the owners or an employee. None of the firms that closed had completely escaped some form of damage. Each firm had had incidents
Findings

21. WE EXPECTED THAT THE FACTORS CAUSING OR INFLUENCING CLOSURE WOULD BE SUCH THAT THE MORE FACTORS A FIRM HAD, THE MORE LIKELY IT WOULD BE TO CLOSE.

False. Instead, we found that one set of factors "sensitized" the owners so that they considered closing; but another set of factors was "decisive" in translating potential into actual closures. The Chapter on Factors and Non-factors describes these factors in detail.

22. WE EXPECTED THAT THE BUSINESSMEN WHO HAD BEEN DOING POORLY BEFORE THE RIOTS WOULD SHOW LESS INITIATIVE IN DEALING WITH THEIR PROBLEMS NOW, AND THAT THOSE WHO HAD HAD GROWING BUSINESSES WOULD BE ACTING WITH MORE INITIATIVE NOW.

Not determined--what is initiative?

Despite the desire to leave, very few of the owners have taken active steps towards leaving; only 16 have taken some steps. Undoubtedly a wait-and-see attitude is partially responsible for this inaction.

In the case of the 27 owners who say that they plan to close, it appears that lack of education and lack of past independence of spirit are further factors that inhibit the effectuation of plans to close.
Findings

The group that closed had a higher proportion of owners who said that business had been "down," but this does not deny the hypothesis, because, as mentioned above, we have no way of telling how objective or universal were their standards. Secondly, there was counter-information for this same group: they were the people who owned the most outside businesses and other forms of income.

23. WE EXPECTED TO FIND THAT BUSINESS WOULD HAVE IMPROVED FOR SOME SINCE THE RIOTS, DUE TO REDUCED COMPETITION; BUT THAT THOSE BUSINESSES RELYING ON WALK-IN TRADE OR CUSTOMERS FROM OUTSIDE AREAS WOULD BE DOING LESS BUSINESS THAN BEFORE.

True. The riots have produced worse conditions for most of the businessmen--including the black ones I have talked to. In addition, many businessmen mentioned that their employees were giving them difficulty: employees are afraid to stay in the area towards the end of the day; some employees have to be driven to and from work for their protection; some employees have quit (both black and white--a few businessmen said that their black employees have been "coerced" to quit). These items raise the cost of doing business.

24. WE EXPECTED THAT THE GENERAL PROFILE OF THE WHITE BUSINESSMEN WOULD INCLUDE THE FOLLOWING CHARACTERISTICS: (a) MOST BUSINESSES ARE SINGLE PROPRIETORSHIPS OR FAMILY BUSINESSES; (b) MOST BUSINESSMEN OWN ONLY THIS BUSINESS AND DEPEND ON IT FOR THEIR SOLE SOURCE OF INCOME; (c) MOST WERE HERE FOR MANY YEARS; (d) MOST ARE JEWISH; (e) MOST ARE SMALL BUSINESSES EMPLOYING FOUR PEOPLE OR FEWER; (f) MOST WORK LONG HOURS TO KEEP THE BUSINESS GOING; (g) MOST ARE MARRIED, LIVING WITH THEIR SPOUSE, AND HAVE CHILDREN (BUSINESSMEN ARE CONVENTIONAL PEOPLE); (h) MOST HAD HELP FROM THEIR FAMILIES IN STARTING THEIR BUSINESSES; (i) MOST HAD COME FROM A FAMILY WITH BUSINESS BACKGROUND; AND (j) THEIR MAJOR OBSTACLES WHEN STARTING OUT WERE UNDERFINANCING AND THEIR OWN INEXPERIENCE.

All true.
25. WE EXPECTED THAT THE GENERAL PROFILE OF THE WHITE BUSINESSMEN WOULD INCLUDE THE FOLLOWING CHARACTERISTICS: 

(k) THEY STARTED MAKING MONEY AT AN EARLY AGE (UNDER 12); 
(l) THEY WENT INTO BUSINESS TO MEET A CHALLENGE; 
(m) THEY HAD OTHER OPTIONS, BUT PREFERRED BUSINESS; AND 
(n) THEY DO NOT WANT THEIR CHILDREN TO BE IN BUSINESS, BECAUSE OF THE HARD TIMES THEY HAD IN BUSINESS.

All false.

26. WE EXPECTED THAT SOME OF THE DATA COLLECTED ABOUT THE WHITE BUSINESSMEN WOULD BE USEFUL FOR LATER STUDIES OF BLACK BUSINESSMEN: FOR COMPARING AMOUNTS OF INSURANCE; CREDIT AVAILABILITY; FAMILY BUSINESS BACKGROUND; AND SKILLS AND EXPERIENCE.

This remains to be seen. At this point in time it no longer seems necessary to spend time documenting the existence of prejudice. Secondly, talks with black businessmen in this area and in others show very similar problems including incidence of vandalism and severe damage!

(2) QUESTIONS NOT FULLY ANSWERED BY THE STUDY

1. ARE THE BUSINESSES WORTH BUYING?

Without a market analysis and without professional appraisals for the individual businesses, this is impossible to ascertain. We do know that the businesses did well enough in the past to support the owners and their families--but not in any grand style, as indicated by their current lack of resources.

As to the present, the high cost of doing business--due to damage, fears, etc.--must not be confused with the question of whether an ample market exists in the area. There is no doubt that there are plenty of people in the area and that other nearby shopping areas are not more outstanding in variety and magnetism.

Whether the area can be profitable in the future may depend on public intervention: the cost of doing business in this area is currently very high due to damage, lack of insurance, lack of adequate protection, the need for shorter store hours, etc. Yet people require services.
2. WERE THE WHITE BUSINESSMEN UNFAIR IN THEIR BUSINESS PRACTICES TO THEIR BLACK CUSTOMERS?

This cannot be determined without talking with the black customers nor without thorough documentation of incidents. Probably there was unfairness on the part of some of the businessmen—but not on the part of all of them.

Secondly, in considering charges of too-high prices, allowance must be made both for the higher costs of doing business in the area and also for the higher operating costs of small businesses.

Thirdly, it has not been my experience to find black businessmen on the strip charging lower prices than white businessmen. (This is not surprising since they face the same costs and problems as the whites.)

3. WOULD THE WHITE BUSINESSMEN HAVE LEFT REGARDLESS OF THE RIOTS?

The businessmen say that they would not have left. Forty-eight of 62 businessmen said that they would not have even thought of leaving if it had not been for the riots. Also, 54 of 61 said that business opportunity in the area would have been good if the riots had not occurred.

It is difficult to guess what would have been the normal attrition for the area had the riots not occurred. At any rate, the chart on the following page shows the dates of closures, and indicates that there is a relationship between the dates of closures and the dates of the riots. As a general rule, business closures are normally low during the months preceding Christmas and high in the winter months before Easter shopping, when business picks up again somewhat.

Other reasons for thinking that the businesses might not have closed are that at least two thirds of the owners were young and middle aged (below 60 when an owner might begin to consider retiring); and, while most of the firms surely are not so profitable here as in other places, yet people have different demands for profit and income.
### DATES OF BUSINESS CLOSURES *

<table>
<thead>
<tr>
<th>DATE</th>
<th>NUMBER OF CLOSURES **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Jan, '67</td>
<td>1</td>
</tr>
<tr>
<td>Jan, '67</td>
<td>0</td>
</tr>
<tr>
<td>Feb, '67</td>
<td>1</td>
</tr>
<tr>
<td>Mar, '67</td>
<td>1</td>
</tr>
<tr>
<td>Apr, '67</td>
<td>1</td>
</tr>
<tr>
<td>May, '67</td>
<td>0</td>
</tr>
<tr>
<td>Jun, '67</td>
<td>4 ---June riot</td>
</tr>
<tr>
<td>Jul, '67</td>
<td>2</td>
</tr>
<tr>
<td>Aug, '67</td>
<td>1</td>
</tr>
<tr>
<td>Sep, '67</td>
<td>0</td>
</tr>
<tr>
<td>Oct, '67</td>
<td>0</td>
</tr>
<tr>
<td>Nov, '67</td>
<td>0</td>
</tr>
<tr>
<td>Dec, '67</td>
<td>2</td>
</tr>
<tr>
<td>Jan, '68</td>
<td>1</td>
</tr>
<tr>
<td>Feb, '68</td>
<td>2</td>
</tr>
<tr>
<td>Mar, '68</td>
<td>1</td>
</tr>
<tr>
<td>Apr, '68</td>
<td>7 ---April riot</td>
</tr>
</tbody>
</table>

** TOTAL 24**

---

* This information was available for twenty-four of the thirty-eight closures.

** Both the mode and the median number of business closures per month is: 1.
Introduction

What were the factors affecting the decision to close? This Chapter presents these factors by setting out two areas: those characteristics for which there were significant differences among the three groups (closed, planning-to-close, and not-planning-to-close), and those characteristics for which there were no significant differences, but, instead, similarities.

The characteristics that differed significantly among the three groups are the factors in the decisions. The characteristics that were similar among the three groups are the non-factors.

The answer to the question was somewhat surprising. We had expected to find a set of factors such that the more factors a business had, the more likely the business would be to close. This is not the case. Instead, we found two sets of factors (as opposed to any one set, or to any one factor) that affected the decision to close. One set seems to sensitize the owner to the thought of closing; but the other set seems decisive for mobilizing the owner to the act of closure. The non-factors were, of course, irrelevant to the decisions.

Factors and Non-factors in the Decisions

A. NON-FACTORS

Many of the characteristics studied turned out to be non-factors in the decision to close or to stay open. That is, there were many characteristics shared equally by each of the three groups: the closed, the open planning-to-close, and the open not-planning-to-close.
Factors and Non-Factors in the Decisions

Some of these non-factors are personal characteristics of the owners of the firms; such as, willingness to help black businessmen by counselling, willingness to ask for help for themselves, ethnic background, and so forth. That these personal, or personality, characteristics are non-factors does not astonish us; because past research has not often dwelt on such factors, nor pointed them out as factors in other business decisions.

But some of the non-factors are characteristics of the firm itself (as opposed to personal characteristics of the owner of the firm) which we expected to be factors in the decision; because past research and also current "common sense" indicate their importance. Many of these turned out to be non-factors.

The economic characteristics of the firm that ran contrary to our expectations by being non-factors in the decision are the following:

1. **Size of business** - as indicated by the number of employees: 12 of 67 firms had no employees and 24 had four or more employees; but there were no significant differences among the decision groups;

2. **Security as indicated by insurance** - lack of insurance as opposed to having some insurance, however inadequate: 19 of 70 had no insurance, and 51 had some insurance, but there were no major differences among the decision groups;

3. **"Business-like" use of credit** - as indicated by the use of bank loans in the past: 16 of 58 had used a bank loan at one time or another, and 42 had not; again, no significant differences among the groups; *

4. **Relative Mobility** - as indicated by rental of business quarters as opposed to ownership: 50 of 76 firms rent, and 26 own their business quarters; no significant differences among the groups; and

5. **Types of businesses** - the types of businesses that closed form a list very similar to the ones still open; excepting, that most of the drug stores have closed, and that the closures include none of the

* The 28% use of bank loans in the past is higher than the 20% reported by Basil Zimmerman for the businesses in his Providence, R.I., study of business relocations.
wholesale, manufacture, nor gas stations businesses which are all still open. (A comparative list is in the Appendix.)

In other words, the way the firm is managed (as measured by number of employees used, acquisition of insurance, use of bank loans, and ownership of business quarters rather than rental) is not a factor in the decision to stay open or to close.

This interesting finding forces us to place more reliance upon the other economic, personal, and event characteristics of the businesses as factors affecting the decisions that were made.

One personal characteristic that we would have expected to have some bearing, but which turned out to be a non-factor, was the owners' families' background as business people. But this too may reflect the management of the firm; and, if so, is consistent with the above finding.

The following is a complete list of the non-factors...
Factors and Non-factors in the Decisions

ALL THREE GROUPS POSSESS THE NON-FACTORS

<table>
<thead>
<tr>
<th>NON-FACTORS--CHARACTERISTICS WITH NO SIGNIFICANT DIFFERENCES AMONG THE THREE GROUPS</th>
<th>DECISION GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OPEN, NOT PLANNING TO CLOSE</td>
</tr>
<tr>
<td>(a) Management Characteristics</td>
<td></td>
</tr>
<tr>
<td>1. Size of business as indicated by number of employees:</td>
<td></td>
</tr>
<tr>
<td>Firms with no employees:</td>
<td>3/26</td>
</tr>
<tr>
<td>Firms with four or more:</td>
<td>12/26</td>
</tr>
<tr>
<td>2. Firms with no insurance:</td>
<td>9/25</td>
</tr>
<tr>
<td>3. Firms that have used bank loans:</td>
<td>6/20</td>
</tr>
<tr>
<td>4. Firms that rent (vs. own):</td>
<td>15/26</td>
</tr>
<tr>
<td>(b) Personal Characteristics</td>
<td></td>
</tr>
<tr>
<td>5. Owner said that business opportunity would have been good in the area if the riots had not occurred:</td>
<td>19/22</td>
</tr>
<tr>
<td>6. Owners willing to help black businessmen by counselling</td>
<td>9/15</td>
</tr>
<tr>
<td>8. Owners who are Jewish:</td>
<td>19/26</td>
</tr>
<tr>
<td>9. Owners who want their children to be businessmen:</td>
<td>9/15</td>
</tr>
<tr>
<td>10. Owners whose families had been in business:</td>
<td>17/23</td>
</tr>
<tr>
<td>11. Owner's age at the time he made his first money is below the median for the group (below 14 years old):</td>
<td>8/16</td>
</tr>
<tr>
<td>12. Types of businesses (A comparative list is in the Appendix):</td>
<td>---</td>
</tr>
</tbody>
</table>
Factors and Non-Factors in the Decisions

This section presented the non-factors: the characteristics shared by all three decision groups and, thus, irrelevant to the decisions made. We were surprised to find that several economic characteristics of the firm were non-factors: size of business as indicated by number of employees; insurance (some vs. none); bank loans (use vs. non-use); and ownership vs. rental of business quarters. These are characteristics that can be considered indicators of style of management.

We will now turn to the factors in the decisions.

B. FACTORS

The following sections will present the several types of factors that we found: Sensitizing factors, Decisive factors, the Exceptional factor, and the Responsiveness characteristic. They will show that one set of factors--the Sensitizing factors--seem required for consideration of closure, or for potential to close; but another set of factors--the Decisive factors--seem decisive for determining actual closure. It is not a case of the more factors, the more likely to close; instead it is like the selection from a Chinese menu: several from group A and two from group B.

Whether a characteristic was considered a factor was determined by the way in which it related the groups--which groups shared which characteristics. The ways in which the groups were related turned out to be complex. Although we began with the idea of finding simple differences between two decision groups (open and closed firms), the data developed so as to force us to recognize three distinct decision groups: the closed, the open-planning-to-close, and the open-not-planning-to-close. Instead of the simple either-or comparisons available in a set of two, the comparisons were, of course, more numerous; because the three groups are related or not related in a greater variety of ways.

Thus, given the importance and the complexity of the relationships among the groups, we will stop a moment to clarify these relationships. After this, we will go on to look at the factors themselves.

One relation among the groups was considered in the previous section: in the section on Non-factors, all groups are related by a common
characteristic (which was the reason for calling these characteristics non-factors). This relation can be represented as follows:

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>P</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. all groups agree</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

The rest of the ways that the groups are related by characteristics shared and not shared can be represented as follows:

2. closed & planning-to-close agree - X X 6 factors
3. closed & not-planning-to-close agree X - X 1 factor
4. none agree - - - 1 characteristic
5. both open groups agree X X - 4 factors.

A chart on the following page shows these relationships graphically in terms of the types of factors involved.
Factors and Non-factors in the Decisions

THE GROUPS ARE RELATED TO EACHOTHER IN FOUR BASIC WAYS, AS FOLLOWS

<table>
<thead>
<tr>
<th>FACTOR SETS</th>
<th>DECISION GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OPEN, NOT PLANNING TO CLOSE</td>
</tr>
<tr>
<td>1. Non-factors</td>
<td>XXXXXXXXX</td>
</tr>
<tr>
<td></td>
<td>XXXXXXXXX</td>
</tr>
<tr>
<td></td>
<td>XXXXXXXXX</td>
</tr>
<tr>
<td>4. Exceptional Factor</td>
<td>XXXXXXXXX</td>
</tr>
</tbody>
</table>

The Decisive factors are so-called, because they are present only in the closed group. The Sensitizing factors are so-called, because they are shared by the closed and the planning-to-close groups. It is conjectured that the possession of these characteristics "sensitized" these groups to consider leaving; and that the possession of the Decisive factors was "decisive" in affecting the transition from thought to action. The non-factors were present in all three groups, despite the difference in the decisions; therefore, we conclude that they do not act upon the decision. The exceptional factor will be explained more fully below; but this factor seems to make the difference in individual cases (as opposed to group cases) when the Decisive factors are missing for a few closed firms,
or when some Decisive factors are present for a few open firms.

Having presented the general relationships, we will now turn to the factors.

(1) **Sensitizing Factors**

The Sensitizing factors appear to sensitize the closed and the planning-to-close groups to consider closing, although they are not sufficient, without other additional factors, to produce closure.

The Sensitizing factors are the factors for which there is agreement between the closed group and the planning-to-close group; significant difference between these groups and the not-planning-to-close group. The Sensitizing factors seem to produce the closed and the planning-to-close groups.

These factors are the following:

1. **Worth of business below median (below $22,500)** - most of the owners of closed and planning-to-close firms set the worth of their firms at a price below the median for the three groups of businesses: 17 of the 25 closed and planning-to-close firms set their worth below the median, in contrast to only 3 of the 15 not-planning-to-close firms;

2. **Owner's residence outside of the business area** (outside of Roxbury, Dorchester, or Mattapan) - most of the owners of closed and planning-to-close firms do not live locally: only 6 of the 46 owners of closed and planning-to-close firms live locally, as compared to 10 of the 21 owners of not-planning-to-close firms;

3. **Owner received threats** - more of the owners of closed and planning-to-close firms received threats (oral threats of some kind, including attempted extortion): 22 of 45 owners of closed or planning-to-close firms received threats, as compared with 5 of the 21 not-planning-to-close;

4. **Owner is either "young" (25-39 years old) or "old" (55 and up)** - most of the owners of closed and planning-to-close firms are either "young" or "old": 27 of the 39 owners of closed and planning-to-close firms were in these age groups (not "middle" age group), as compared with 10 of the 24 owners of not-planning-to-close firms;
5. Some owners own other firms in addition to this one - more of the owners of closed and planning-to-close firms own other businesses: 10 of 32 of the closed or planning-to-close owners own other firms, in comparison with 2 of the 24 owners of not-planning-to-close firms; and

6. Firm has one owner, rather than two or more - most of the closed and planning-to-close firms are one-owner businesses: 29 of the closed and planning-to-close firms are one-owner businesses, as compared with 10 of 26 not-planning-to-close firms.

The distributions and the levels of statistical significance are presented in the table on the next page.

On the page following that table are presented the reasons why the factors possessed by the closed and the planning-to-close are conducive to closing.

All of the factors shared by the closed and the planning-to-close business owners are factors conducive to leaving, and these are factors not possessed by the not-planning-to-close group.
THE CLOSED AND THE PLANNING TO CLOSE GROUPS POSSESS THE SENSITIZING FACTORS

<table>
<thead>
<tr>
<th>SENSITIZING FACTORS</th>
<th>DECISION GROUPS</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OPEN, NOT</td>
<td>OPEN, BUT</td>
<td>CLOSED</td>
<td>TOTAL</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PLANNING TO</td>
<td>PLANNING</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CLOSE</td>
<td>CLOSE</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Worth of business is below median for all businesses (below $22,500):
   3/15*  10/15  7/10  20/40

2. Owner resides outside of the immediate business area (outside of Roxbury, Dorchester, or Mattapan):
   11/21*  17/19  23/27  51/67

3. Owner received threats:
   5/26**  14/27  8/18  27/71

4. Owner is either "young" (25-39 years old) or "old" (55 and up), rather than "middle" aged (40-54):
   10/24***  18/22  9/17  37/63

5. Owner owns other businesses:
   2/26****  5/24  5/18  12/68

6. Firm has one owner, rather than two or more:
   10/26*****  15/24  14/24  39/74

* Differs significantly from expected frequency by Chi-Square Test with probability less than .01 (Yates Correction used on factor #1.).

** Differs significantly...with probability less than .025.

*** Differs significantly...with probability less than .05.

**** Differs significantly...by Fisher Exact Test with probability of .082.

***** Differs significantly...by Chi-Square Test with probability less than .10.
Factors and Non-factors in the Decisions

THE SENSITIZING FACTORS SHARED BY THE CLOSED AND THE PLANNING-TO-CLOSE GROUPS ARE FACTORS CONDUCIVE TO CLOSING

<table>
<thead>
<tr>
<th>SENSITIZING FACTORS</th>
<th>THE SENSITIZING FACTORS POSSESSED BY THE CLOSED AND THE PLANNING-TO-CLOSE FIRMS ARE CONDUCIVE TO CLOSING, BECAUSE.....</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Worth of business below median (below $22,500)--</td>
<td>not much to lose.</td>
</tr>
<tr>
<td>2. Residence outside of the business area--</td>
<td>lesser emotional or social ties with the area (although this is not unusual as business areas go).</td>
</tr>
<tr>
<td>3. Receipt of numerous threats--</td>
<td>heightens fear.</td>
</tr>
<tr>
<td>4. Either young or old (25-39 or 55 years and up)--</td>
<td>the younger are able to change more easily; the older are of an age to be thinking of retiring.</td>
</tr>
<tr>
<td>5. Ownership of other firms--</td>
<td>some independence of opportunity.</td>
</tr>
<tr>
<td>6. One-owner businesses--</td>
<td>simpler decision process (although this item may also reflect smaller size of firm).</td>
</tr>
</tbody>
</table>

The not-planning-to-close group does not possess the Sensitizing factors which are reasons for considering closing. Instead, the not-planning-to-close group possesses the converse of the Sensitizing factors; that is, this group possesses factors conducive to staying. These factors are presented on the following page.
Factors and Non-factors in the Decisions

THE CONVERSE OF THE SENSITIZING FACTORS ARE POSSESSED BY THE NOT-PLANNING-TO-CLOSE GROUP, AND THESE ARE NOT CONDUCIVE TO CLOSING, BUT TO STAYING

<table>
<thead>
<tr>
<th>THE CONVERSE OF THE SENSITIZING FACTORS</th>
<th>THE CONVERSE OF THE SENSITIZING FACTORS POSSESSED BY THE NOT-PLANNING-TO-CLOSE GROUP ARE CONDUCIVE TO STAYING, BECAUSE....</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Worth of business above median (above $22,500)--</td>
<td>more to lose, harder to sell.</td>
</tr>
<tr>
<td>2. Residence within the business area--</td>
<td>closer ties to the area (an unusual thing for a business district).</td>
</tr>
<tr>
<td>3. Receipt of few threats--</td>
<td>fewer and lesser fears.</td>
</tr>
<tr>
<td>4. Middle-aged (40-54 years old)--</td>
<td>feel too old to start again elsewhere and too young to retire.</td>
</tr>
<tr>
<td>5. Own this business only, and no other--</td>
<td>wholly dependent on this source of income.</td>
</tr>
<tr>
<td>6. Two and more owners per firm--</td>
<td>more complex decision process (although this item may also reflect larger size of firm).</td>
</tr>
</tbody>
</table>

This section presented the factors which appear to have sensitized the closed and the planning-to-close groups to consider closing. It has also presented the converse of the Sensitizing factors which appear to have lead the not-planning-to-close group to prefer staying.

In short, this section has presented the differences in factors that lead to the first step in the different decisions made—consideration of closing. There are yet other steps to consider, particularly the Decisive factors. We will turn first to the Exceptional factor and the Responsiveness characteristic, then we will discuss the Decisive factors.
(2) **Exceptional Factor**

In contrast with the factors on which the closed and the planning-to-close agree, there is one factor on which they differ significantly; on this factor the closed group is aligned with the not-planning-to-close group! Since some factors that produce closing also produce planning-to-close, this factor is an exception: it is related to closing and not-planning-to-close; but it is not related to planning-to-close.

1. **One or more years of college education** - more than half of the owners of both closed firms and also not-planning-to-close firms had higher education: 21 of the 41 owners of closed firms and firms not-planning-to-close had some college education, as contrasted with 4 of the 20 planning-to-close owners.

| THE PLANNING-TO-CLOSE GROUP POSSESSES LESS EDUCATION THAN THE OTHER GROUPS |
|---|---|---|---|
| **EXCEPTIONAL FACTOR** | **DECISION GROUPS** |  |
| OPEN, NOT PLANNING TO CLOSE | OPEN, BUT PLANNING TO CLOSE | CLOSED | TOTAL |
| 1. Owner had one or more years of college education: | 12/23 | 4/20* | 9/18 | 25/61 |

* Differs significantly from expected frequency by Chi-Square Test with probability less than .05.

The meaning of this factor is not entirely clear. It may be that the planning-to-close group, having less training, finds it more difficult to come to a definite decision and/or to implement the decision once it is made. Conversely, it may mean that the two other groups, regardless of the type of decision, use their training so as to find it easier to decide and/or to implement a decision once it has been made.

The effect of this factor on the decisions made will be discussed further in Section C. We will now turn to the Responsiveness characteristic.
(3) **Responsiveness Characteristic**

There is one characteristic on which all the groups differ; so it is worth presenting, even though the difference is not statistically significant. On this characteristic, the closed group is different from both open groups; but also, the two open groups are different from each other.*

1. **Large proportion of black employees** - the closed firms had the greatest proportion of black employees; the not-planning-to-close had the next greater proportion; and the planning-to-close had the smallest proportion; as follows:

<table>
<thead>
<tr>
<th><strong>ALL GROUPS DIFFER IN THE PROPORTION OF BLACK WORKERS ON THEIR PAYROLLS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESPONSIVENESS CHARACTERISTIC</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1. Number of <strong>firms</strong> with half or more black employees at the time of the riots (this excludes firms with no employees):</td>
</tr>
<tr>
<td>2. Number of black <strong>employees</strong> in all firms at the time of the riots:</td>
</tr>
</tbody>
</table>

* Differs significantly from expected frequency by Chi-Square Test with probability less than .005. The planning-to-close group differs significantly from the not-planning-to-close group...with probability less than .10.

** One firm which employs a number approximately equal to the total employed by all of the rest was omitted.

* This relation can be represented as follows:

```
N P C
none agree  -- --
```
While the number of black vs. white employees in firms in the not-planning-to-close group differs significantly from the number in the closed group (probability less than .005), it contrasts much more with the planning-to-close group which has far fewer black employees than whites; and it is closer* to the closed group in that for both these groups, the number of black employees exceeds the number of whites.

The meaning of the differences in proportions of black employees, with the closed group having the greatest proportion, is puzzling at first; but a large proportion of black employees can probably be interpreted as an attempt at greater responsiveness to the business environment.

Given this interpretation, the closed group is the most responsive to the business environment; and the not-planning-to-close group is reasonably responsive. But the planning-to-close group seems deficient in responsiveness, or whatever else this characteristic may indicate. Considering the pressures in Roxbury for improvements in opportunities, including employment opportunities, this lack on the part of the planning-to-close group seems not only insensitive, but unwise.

2. Yet, there was no correlation between proportion of black employees and amount of damage - the business wisdom of hiring blacks as a means for engendering the kind of good will that could build protection for the white employer is not confirmed by this study. There was no correlation between having black employees and not having damage, nor between having no black employees and having damage! The figures are presented on the following page.

* The Chi-Square value for the contrast between closed and not-planning-to-close was 8.842; the value for the contrast between closed and planning-to-close was 20.66!; and significance at .005 is determined by the excess over the value 7.88 (at one degree of freedom).
THERE IS NO CORRELATION BETWEEN AMOUNT OF DAMAGE AND RACE OF EMPLOYEES

<table>
<thead>
<tr>
<th>RACE OF EMPLOYEES</th>
<th>AMOUNT OF DAMAGE*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FIRMS THAT SUFFER HEAVY DAMAGE**</td>
</tr>
<tr>
<td>1. Firms having black employees:</td>
<td>13</td>
</tr>
<tr>
<td>2. Firms having no black employees:</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19</td>
</tr>
</tbody>
</table>

* Does not differ significantly from expected frequency by Chi-Square Test. (probability less than .25)

** We define "heavy damage" as severe damage (burned out or beaten) and/or property damage of $5,000 or more.

It is surprising to find no correlation between safety and the hiring of black employees (nor damage and no black employees). This finding runs counter to the "common sense" prevailing both outside and inside the area. Several businessmen told us that they felt their black employees had protected them. On the other hand, several others told us that they had to protect their black employees (by driving them to and from work); or that they had been unable to protect their black employees who were "coerced" to leave. So the businessmen themselves may be unaware of the general non-effect on their safety of having black employees.

The explanation of the non-correlation may lie in two factors about heavy damage:

1. that it usually takes place when owner and employees are not at the store (at night); and

2. that the people who inflict damage either do not know or do not care whether blacks are employed by these firms. In fact, the examples of "coercion", if they are true, make it appear that black employees are frowned upon by at least some of the black community--probably as being disloyal.
Factors and Non-factors in the Decisions

Many of the owners of closed firms seemed disillusioned about what happened to them. They felt that they had tried to help the community by hiring many blacks and by contributing to black fund-raising drives, such as those of Exodus and CORE, etc. Yet they were burned out.

If indeed some were "helpers" and not "exploiters", it is difficult to find an explanation for their fate unless perhaps the retribution meted out by rioters be on a generalized, rather than an individualized, basis. If we are to believe the reports that damage was on a *quid pro quo* basis for exploitation and also the "apologies" that some damage was "accidental" or was "simply looting of goods that could be seen in the windows", then it may be that real exploitation by some white individuals is playing a much smaller part than that played by the generalized hostility to all whites that has smouldered for years and that is now let loose on the closest and most familiar whites--the businessmen in the area.

The fact that many black stores have been damaged also detracts from the *quid pro quo* argument. Some say that the blacks who are damaged are exploiters too. It gives one the impression that earning profits on investment is considered exploitation, regardless of race; and, if so, we get out of the dimensions of racial struggles and into the dimensions of good old fashioned *class* riots--in the sense of economic class: the have-nots against the haves. If this kind of thing is true, then the prognosis for black entrepreneurship may be very poor indeed--unless the non-profit concept can be made to work much better than it has in the past.

Almost all of the businessmen seem to feel that they are innocent and that a terrible injustice has been done them--and done by a few people. Their belief that it is a very few people, not their customers and not their employees, helps to explain their remarkable lack of resentment for blacks in the community and their willingness to stay on in the area.

Some people do add bitterness to their feelings of injury saying: "If it weren't that we are Jews, and we don't fight back, they (City Hall) wouldn't let them (the blacks) do this to us." These and other emotional speculations and fictions are signs of the fact that, where there is little real information, it is human nature to fill the vacuum with our favorite prejudices. Facts, such as proportions of black employees and amounts of
Factors and Non-factors in the Decisions

damage, have little to do with our opinions and actions.

The effect of the Responsiveness characteristic on the decisions will be discussed in Section C. after a discussion of the Decisive factors.

(4) Decisive Factors

This section presents the four Decisive factors--factors for which the closed group differs significantly from both open groups. These factors are, thus, the apparently decisive differences in the decision to close or to stay open.

If indeed the Sensitizing factors form a "threshold", then the Decisive factors depend for their effect on the presence of the Sensitizing factors. On the other hand, the Sensitizing factors alone, without the Decisive factors, do not lead to closure.

The Decisive factors are the following:
1. **Serious damage** - almost half of the closed group suffered serious damage (beaten or burned out): 13 of the 28 closed businesses suffered serious damage, as compared with 2 of the 51 open firms;

2. **Trend of business before the riots had been "down", rather than "steady" or "up"** - almost half of the closed group said that the trend of business before the riots had been "down": 6 of 18 closed firms said that business had been going down, as compared to 4 of 46 open firms;

3. **Most owners had a variety of outside income** - almost half of the closed group had other outside income; such as, other businesses, working wives, or income from other investments: 8 of 18 owners of closed firms had such outside income, as compared with 10 of 50 owners of open firms; and

4. **Owner used own funds, not family's funds, to start his business** - three-quarters of the owners of closed firms had used their own funds, rather than their family's funds, in starting their businesses: 12 of 16 owners of closed firms had used their own, not family's funds, as compared with 17 of 38 owners of open firms.

The table on the following page presents the distributions and the levels of statistical significance. The table on the page after that presents the reasons why the Decisive factors are conducive to closing.
Factors and Non-factors in the Decisions

**ONLY THE CLOSED FIRMS POSSESS THE FACTORS DECISIVE FOR CLOSURE**

<table>
<thead>
<tr>
<th>DECISION FACTORS</th>
<th>DECISION</th>
<th>GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OPEN, NOT</td>
<td>OPEN, BUT</td>
</tr>
<tr>
<td></td>
<td>PLANNING</td>
<td>PLANNING</td>
</tr>
<tr>
<td></td>
<td>TO CLOSE</td>
<td>TO CLOSE</td>
</tr>
</tbody>
</table>

1. Had severe damage--store burned or person beaten:  
   - OPEN, NOT PLANNING TO CLOSE: 1/25  
   - OPEN, BUT PLANNING TO CLOSE: 1/26  
   - CLOSED: 13/28*  
   - TOTAL: 15/79

2. Said that the trend of business before the riots had been "down", rather than "up" or "steady":  
   - OPEN, NOT PLANNING TO CLOSE: 2/24  
   - OPEN, BUT PLANNING TO CLOSE: 2/22  
   - CLOSED: 6/18**  
   - TOTAL: 10/64

3. Had other outside income; such as, other business, working wife, or other investments:  
   - OPEN, NOT PLANNING TO CLOSE: 5/26  
   - OPEN, BUT PLANNING TO CLOSE: 5/24  
   - CLOSED: 8/18***  
   - TOTAL: 18/68

4. Used own funds, not family's funds, to start own business:  
   - OPEN, NOT PLANNING TO CLOSE: 6/19  
   - OPEN, BUT PLANNING TO CLOSE: 7/17  
   - CLOSED: 12/16****  
   - TOTAL: 29/52

* Differs significantly from expected frequency by Chi-Square Test with Yates Correction with probability less than .005.
** Differs significantly...with probability less than .05.
*** Differs significantly...by Chi-Square Test with probability less than .05.
**** Differs significantly...by Chi-Square Test with Yates Correction with probability less than .025.
THE DECISIVE FACTORS POSSESSED BY THE CLOSED GROUP ALONE ARE CONDUCIVE TO CLOSING

DECISIVE FACTORS

1. Had severe damage--

--burning: either little left to begin over with or insurance provides sufficient sum to mobilize with;
--personal harm: once bitten, twice shy...intensifies fear;

2. Said that trend of business before the riots was "down"--

not much to give up.

3. Had other outside income from other businesses, working wives, or other investments--

independence--can better afford to leave.

4. Used own funds, not family's, to start his business--

independence of spirit; perhaps special resourcefulness; saves to invest; willing to take risks to invest.

The latter two factors (independence of income and independence in making the original business investment) reflect characteristics of the owner, rather than characteristics of the firm. The second factor (the statement as to the trend of business) may also reflect personal characteristics of the owner, rather than characteristics of the firm; inasmuch as, the owners gave us verbal statements of the firms' trends, rather than hard figures. It may be that this statement reflects more on the owners' standards and expectations than upon actual trends of sales. In any case, it is impossible to compare the firms with owners' subjective judgements instead of objective numbers.
Of the four significant variables, only the first one (severe damage) definitely can represent objective events occurring to the firm, or a characteristic of the firm, rather than the owner of the firm. "Serious damage" measures an event that occurred both to the firm and to the owner, with economic impact on the firm and psychological impact on the owner. (This factor is of nearly overriding importance in the decision, but it is not the total "reason" for the decision, anymore than the other variables are total reasons.)

Neither of the still-open groups possesses the Decisive factors. The not-planning-to-close has neither Sensitizing nor Decisive factors. The planning-to-close group does possess the Sensitizing factors; but, not having the factors decisive for closing, these firms are still open. The two still-open firms possess the converse of the Decisive factors.

**BOTH THE STILL-OPEN GROUPS POSSESS THE CONVERSE OF THE DECISIVE FACTORS, WHICH ARE NOT CONDUCIVE TO CLOSING**

<table>
<thead>
<tr>
<th>THE CONVERSE OF DECISIVE FACTORS</th>
<th>THE CONVERSE OF THE DECISIVE FACTORS WHICH ARE POSSESSED BY THE PLANNING-TO-CLOSE AND THE NOT-PLANNING-TO-CLOSE GROUPS DO NOT LEAD TO CLOSING, BECAUSE.....</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Did not have severe damage--</td>
<td>firm is still operable; owner has not experienced excessive fright; or owner has not been able to collect sufficient insurance to use to start over again elsewhere.</td>
</tr>
<tr>
<td>2. Trend of business was &quot;steady&quot; or &quot;up&quot; before the riots--</td>
<td>owner is making an adequate or good living.</td>
</tr>
<tr>
<td>3. Does not have outside income--</td>
<td>owner is dependent on this source of income, and has little choice.</td>
</tr>
<tr>
<td>4. Used family's funds, not own, to start his business--</td>
<td>owner is less adventuresome, less independent, perhaps less able to make changes.</td>
</tr>
</tbody>
</table>
Just having the Sensitizing factors, although they are conducive to closing, does not appear to be enough without the Decisive factors to produce closure.

At least two and possibly three of the Decisive factors speak for the independent striving nature of the closed owners' personalities. It is, of course, not sufficient to have "reason" or desire to leave; one must also have the ability to leave--both financial and "mental"--the ability to change or adapt to change or to leave a deal when it turns sour and start on something fresh, rather than trying all the harder as things get worse. The following chart summarizes the factors possessed by the closed group--factors that give reason to leave, and factors that show ability to do so.

### THE CLOSED GROUP POSSESSES BOTH SENSITIZING AND DECISIVE FACTORS

<table>
<thead>
<tr>
<th>SENSITIZING FACTORS</th>
<th>DECISIVE FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Worth of business below median (below $22,500).</td>
<td>2. Trend of business was &quot;down&quot;.</td>
</tr>
<tr>
<td>2. Residence outside of the business area.</td>
<td></td>
</tr>
<tr>
<td>3. Receipt of numerous threats.</td>
<td>1. Had severe damage.</td>
</tr>
<tr>
<td>4. Either &quot;young&quot; or &quot;old&quot;.</td>
<td>3. Had other outside income.</td>
</tr>
<tr>
<td>5. Owns other businesses.</td>
<td>4. Used own funds, not family's, to start his business.</td>
</tr>
<tr>
<td>6. One-owner businesses.</td>
<td></td>
</tr>
</tbody>
</table>
This section presented the Decisive factors—factors that appear to be decisive in the action to close. The Decisive factors are factors that, when held in addition to the Sensitizing factors, seem to cause closure. They seem to depend for their effectiveness on the presence of the Sensitizing factors; yet the Sensitizing factors alone do not accomplish closure. The section has also presented the converse of the Decisive factors, which are held by both open groups, the planning-to-close and the not-planning-to-close.

In short, this section has presented the second, and decisive, step that leads to closure.

This entire section on factors (Section B.) has presented the factors in the decisions: the Sensitizing factors, the Exceptional factor, the Responsiveness characteristic, and the Decisive factors.

All groups shared the Non-factors which were thus considered irrelevant to the decisions. The closed and the planning-to-close groups shared the Sensitizing factors which were thus considered a "first step" towards closure. The closed group alone had the Decisive factors which were thus considered necessary for separating actual from potential closures.

In short, instead of finding that the more factors firms had, the more likely they would be to close, we found that one set of factors seems required to create a potential for closure (Sensitizing factors) and yet another set seems required to produce actual closures (Decisive factors).

All of the observations were made on the basis of the decision groups as groups, and did not single out the individual firms. The following section, Section C., will show that the results for the groups apply equally to the individual firms. Also, the effects of the Exceptional factor and the Responsiveness characteristic will be shown.

C. RELATIVE STRENGTH OF THE INDIVIDUAL FACTORS IN THEIR EFFECT ON THE INDIVIDUAL FIRMS

All previous statements in this Chapter have referred to the firms as decision groups, rather than individually, leaving open questions as to
Factors and Non-factors in the Decisions

the relative strength of individual factors by themselves, and also questions as to how closely the group results fit the individual cases. This section addresses itself to these questions.

In order to test the relative strength of the four Decisive factors in activating closure, the individual firms in each of the three decision groups were listed according to their possession of one, more, or none of the Decisive factors, as follows.

IT SEEMS TO TAKE TWO DECISIVE FACTORS TO SEPARATE ACTUAL FROM POTENTIAL CLOSURES

<table>
<thead>
<tr>
<th>DECISION GROUPS</th>
<th>NUMBERS OF DECISIVE FACTORS POSSESSED BY THE INDIVIDUAL FIRMS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Closed Firms</td>
<td>1*</td>
</tr>
<tr>
<td>Planning-to-close Firms</td>
<td>13</td>
</tr>
<tr>
<td>Not-planning-to-close Firms</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>25</td>
</tr>
</tbody>
</table>

* marks the exceptions to the title statement--8 exceptions, out of 65 cases.

The table shows:
1. most closed firms have two Decisive factors, and most open firms have only one or no Decisive factors: it seems to take two Decisive factors to effect closures;
2. three factors are rarely necessary; four factors, never;
3. individual factors alone have little force in determining closures; instead, sets of factors are significant;
4. it is not the case that the more factors a firm has, the more likely it will be to close; instead, two Decisive factors from the set of Decisive factors are required, or appear to be required;

5. there were only 8 exceptions out of the 65 cases.

The eight exceptions to the trend that it takes two factors from the Decisive set to effect closure can be accounted for, at least in part, by the workings of the Exceptional factor and the Responsiveness characteristic!

The exceptions are the following: for two closed businesses, one factor alone was present; for one closed firm, there were no Decisive factors; for three planning-to-close firms, there were two Decisive factors; and for two not-planning-to-close firms, there were two Decisive factors, also.

Which factors accounted for these exceptions? and which of the extra factors explains these exceptions? The following table compares the sets of factors for which there were these 8 exceptions, and shows that the Exceptional factor and the Responsiveness characteristic partially account for these exceptions. (The table is on page 60.)
Factors and Non-factors in the Decisions

The eight exceptions seem to be accounted for by the possession of two more characteristics—the exceptional factor and the responsiveness characteristic.

<table>
<thead>
<tr>
<th>HAD SEVERE DAMAGE</th>
<th>TRENDS OF BUSINESS WAS DOWN</th>
<th>HAD OTHER INCOME TO START</th>
<th>USED OWN FUNDS, NOT FAMILY'S</th>
<th>EXCEPTIONAL FACTOR SOME</th>
<th>MORE BLACK THAN WHITE COLLEGE</th>
<th>RESPONSIVENESS CHARACTERISTIC</th>
<th>DECISION GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>1*</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>x</td>
<td>0</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>1*</td>
</tr>
<tr>
<td>x</td>
<td>0</td>
<td>0</td>
<td>n.a.</td>
<td>x</td>
<td>n.a.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
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<td>0</td>
<td>x</td>
<td>0</td>
<td>1*</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
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<td>0</td>
<td>0</td>
<td>x</td>
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<td>2</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>x</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>x</td>
<td>0</td>
<td>2</td>
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<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>x</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>0</td>
<td>x</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>x</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

* marks the eight exceptions.
** no college, but some extra education after high school; one in mechanics, the other as a dental technician.

The two cases of a single Decisive factor producing closure are in the table above. In the case of damage-only, one firm closed and one, a planning-to-close firm, is still open. In the case of used-own-funds-only,
one firm closed, and 13 firms stayed open. The only other cases of single Decisive factors are to found among the still-open firms.

The finding of the non-efficacy of individual factors refutes two contentions prevalent at this time:

1. many whites seem to think that the firms closed mainly or entirely because of damage; this is erroneous; and
2. many blacks seem to think that the firms closed mainly or entirely because they had been doing poorly; this is erroneous.

Both explanations are too simplistic; instead, as shown above, sets of factors determine decisions, not individual factors.

This section has shown that it seems to take at least two Decisive factors to separate actual from potential closures among the closed and the planning-to-close firms. Individual factors are not effective. The eight exceptions to the above finding are accounted for, in part, by the additional factors--the Exceptional factor and the Responsiveness characteristic. The results obtained for the decision groups as groups stand up to an examination of the individual cases. The finding about relative ineffectiveness of individual factors refutes two current contentions about the reasons for closure as being too simplistic.

Summary

This Chapter has attempted to answer the question: why did some firms close and some firms remain open?

This is a very important question since the answer give us an idea of what is going on in the business area; how white people react to racial violence, and why; and the nature of both the firms and the owners of the firms; and ultimately leads into the question of what, if anything, should be done.
Factors and Non-factors in the Decisions

A. NON-FACTORS

The following are the non-factors; that is, the variables that are shared by all three groups and that cannot, therefore, be considered factors in the decisions. An asterisk points out the ones that were most surprising.

* 1. Size of business, as indicated by number of employees;
* 2. Possession or non-possession of insurance;
* 3. Use or non-use of bank loans;
* 4. Rental or ownership of business quarters;
  5. Owners' opinions as to whether business would have been good in the area if the riots had not occurred;
  6. Owners' willingness or unwillingness to help black businessmen by counselling;
  7. Owners' willingness or unwillingness to ask for help for himself;
  8. Religion;
  9. Whether the owners' families had had a background in business;
 10. Whether owners desire their children to be in business;
 11. Owners' ages at the time they made their first money; and
 12. Types of businesses (generally the same, but with a few exceptions).

B. FACTORS

The following are the factors in the decisions; that is, the characteristics that differed significantly among the three groups.

Some of the factors are shared by both the closed and the planning-to-close groups, and not shared by the group not-planning-to-close. We conclude that these are the Sensitizing factors--factors conducive to closing. Other factors are held by the closed group alone, and not shared either by the planning-to-close nor the not-planning-to-close. We conclude that these are the Decisive factors--factors that make the difference
Factors and Non-factors in the Decisions

between potential and actual closures.

The possession of both the Sensitizing factors and the Decisive factors seems to result in closure. The possession of Sensitizing factors without Decisive factors results in staying open. In the eight cases that seemed to be exceptions to this finding, the addition of the Exceptional factor and the Responsiveness characteristic accounted for the difference. Thus, the finding for the groups as groups was confirmed for the individuals in the groups.

(1) Sensitizing Factors

The Sensitizing factors (those factors possessed by both the closed and the planning-to-close groups) are the following:

1. Worth of business, below median (below $22,500);
2. Owner's residence, outside of the business area;
3. Owner received threats;
4. Owner is either "young" (25-39 years old) or "older" (55 and up);
5. Some owners own other businesses; and
6. Firm has one owner, rather than two or more.

(2) Exceptional Factor

Education: the closed firms shared the following factor with the not-planning-to-close firms:

1. One or more years of college education.

(3) Responsiveness Characteristic

Proportion of Black Employees: while there were differences among all three groups with respect to this characteristic (although not significant differences) the closed group ranked highest, then came the not-planning-to-close, and then the planning-to-close which lacked the factor.

1. Large proportion of black employees, exceeding the number of white employees.
2. There was no correlation between the hiring of black employees and lack of damage (nor between no black employees and damage).

(4) Decisive Factors

The Decisive factors (the additional set of factors held by the closed group, and not held by the open groups) are the following:

1. Severe damage (store burned or person beaten);
2. Trend of business before the riots had been "down", not "steady" nor "up";
3. Most owners had a variety of outside income (not only other businesses, but also working wives, or other investments); and
4. Owner used own funds, not family's, to start his business.

C. RELATIVE STRENGTH OF INDIVIDUAL FACTORS IN THEIR EFFECT ON THE INDIVIDUAL FIRMS

1. Many factors taken together affected the decision to close; there was no one factor that induced an owner to close. Instead, we found that there seems to be one set of factors to make the owner dissatisfied and ready to consider closure, and yet another set that must be held in addition to the first set in order to decide the owner actually to close. (Two other factors also played a part, at times.)

   This is an important finding in that it refutes two erroneous contentions currently prevalent:

   (a) Many whites seem to think that the businesses closed mainly or only because of riot damage; this is erroneous; and

   (b) Many blacks seem to think that the businesses closed mainly or only because they had been doing poorly; this is erroneous.

   The data refute these contentions as too simplistic.

2. It was not a case where the more factors, the more likely a firm would be to close. Instead, there were two sets of factors associated with
closure, and the possession of two factors from the Decisive set made the decisive difference between thinking about closing and actually closing. In the eight individual cases of exceptions, the Exceptional factor and the Responsiveness characteristic accounted for these differences; and the finding for the groups as groups held for the individual members of the groups as well.

3. An important finding from this research is that personal or "psychological" characteristics are very important in the decisions; and economic factors were less important. There were a number of characteristics about the firm itself (as opposed to personal characteristics of the owner) which should have affected the decision to close if economic factors were of primary importance in these business decisions. But such variables as insurance, bank loans, size of business, and ownership of business quarters turned out to be irrelevant to the decisions (non-factors).

On the other hand, many personal characteristics of the owners (as opposed the characteristics of the firm) turned out to be relevant to the decisions (i.e., factors). Such variables as education, place of residence, age, and "independence" were important in the decisions.

Further research into the firm should place increased emphasis on the area of personal and psychological variables. This is an area long neglected and generally in disrepute. However, if this is the area in which factors are to be found (which we conclude from the fact that factors were not frequently found in the economic area), then this is the area in which we should be looking.

It seemed likely, even before beginning this study, that the "personal" variables would be very important. For this reason, I had hoped to use a psychological measure in this study. My interviewers, however, felt so uncomfortable in using the psychological test (showing how much this area is in disrepute!) that it had to be omitted. This turned out to be most unfortunate since we found that the personal characteristics area is the one to be looking in.

Recent research by Drs. David C. McClelland and David G. Winter, which I was privileged to read early last spring before its publication, found that the people who changed most after taking "achievement motivation" training were people who had scored high in "efficacy" on the psychological
test "Who Am I?" before training.

The scoring system for "efficacy" (which was designed by Stuart Pizer, a candidate for a Ph.D. degree in Clinical Psychology at Harvard) purports to score the subject's style of thinking about action. His activity goals, inner resources, the lack of vague global words, initiative and problem solving were prior characteristics that were associated with change after the course in the Bombay sample.

--page 20 of Chapter 9 of the manuscript.

The "efficacy" measure was, in my opinion, a very important breakthrough in that it appeared to be the basic measure, of some attribute, that could predict who would change after training and who would not change.

Given its significance in predicting changers in their research, it seemed worthwhile to attempt to use this measure in this study of white businessmen in order to test a hypothesis that follows from their research: namely, that the owners who closed are highest in "efficacy"; and the planning-to-close group is lowest. Again, it was most unfortunate that this hypothesis could not be tested; because our results leave us with several imponderables. These include: Why, with the same amount of damage, are some people more afraid than others? or use the "reason" of fear as a reason for closing, when others are not closing? Is it because expressed fear is used as a rationalization after a man decides to close for reasons other than fear?

This research has left me with the distinct impression that these businessmen are far from being "rational economic men". A good number of them seem to be quite the reverse--floundering, indecisive, inactive, non-risk-taking (when the risks are obvious) or high-risk-taking (when the risks are less obvious as they are when inaction is involved), etc.

If they are not "economic men", as we picture businessmen to be, then they are in some senses just as helpless as consumers, neighborhood people, and all the other types of people that are customarily looked on as deserving of help. If any other argument is needed, it should surface
to point out that this group could not possibly be considered the stereotyped topnotch, strong, independent businessmen--or they would not be operating tiny businesses in one of the most dangerous and least secure sections of Boston! Surely, their profits are not high enough to override these problems which make operating costs very high in that area.

If it is true that they are on the helpless side, then the next objection to providing them with help may be the idea that if they are so uneconomic as to be helpless, then they ought to be allowed to "die off", so to speak. This argument does not sufficiently consider the fact that small businessmen do provide needed services, although they do so uneconomically in many cases. They provide needed services which are not provided by large businesses.

If the services of small stores are valuable, and I think they are, we may have to adjust to the idea of supporting them in some way; otherwise, we may be left without the services provided by small stores.
Chapter Five

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

(1) SUMMARY

A. PURPOSE

In June, 1967, and again in May, 1968, there were riots in the shopping district known as Grove Hall, in the Roxbury section of Boston. This area has been troubled, but neglected, for a long time. Many stores had closed over the years; but now, with the increased damage to stores and people, the number of closures has increased tremendously. Every other store seemed to be boarded up--and even some open businesses are operating behind boarded, rather than glass windows.

It seemed that now was a time of crisis for the various parties involved in the area: the white businessmen, the local consumers, the black leaders and organizations pressing to increase black ownership; black businessmen operating in the area; and property owners--not to mention the City of Boston in terms of its tax yield and its reputation.

Our purpose was to gather information about the nature of the crisis for the purpose of assisting potential decision-makers and actors (of both the public and the private sectors) to help the people of this area. We need to understand the situation: what needs to be done? What can be done?

B. METHOD

This was a descriptive research project (rather than an experimental one): events (the riots) occurred first; and subjects (the white businessmen) were interviewed after the event.
Eighty-one white owners of open and closed businesses were interviewed at length (53 open and 28 closed) out of the total population of 112 businesses (74 open and 38 closed). The responses of this nearly total population were tallied and analyzed by the standard statistical techniques for contingency tables (Chi-Square Test, Chi-Square Test with Yates Correction, and Fisher Exact Probability Test).

Thirty people were involved with the interviewing which took place during the months of May and June, 1968; but all of the statistical work was done by the investigator.

C. FINDINGS

There are still white businessmen in the riot area of Roxbury, although many have left. Many stores were damaged to varying degrees, both during the riots and at other times, before and since.

Owners' Plans. Thirty-eight owners closed; 27 are planning-to-close, and 26 are not-planning-to-close. Almost all of the still-open owners (48 out of 53) want to sell their businesses and leave the area. At least half feel that they cannot possibly sell, even at a "fair" price (cost of inventory alone); so they must plan to stay. Of the other half, some plan to close, feeling they will be able to sell; and others feel that they are in so much danger that they must leave anyway, sell or not.

Reasons for Closure. The departure of so many firms this year, since the riots, (leaving a total of 29% vacant stores) indicates that there is a relation between the violence of the riots and the closing of the stores. However, the violence of the riots alone does not entirely account for the closures.

There were two sets of factors associated with closure. One set sensitized owners to consider closure--these were the factors shared by the closed and the planning-to-close groups. But the additional possession of two factors from the set of Decisive factors seemed to be decisive in producing actual closure--these were factors possessed by the closed group alone.
The Sensitizing factors were: worth of business below the median for all the businesses (below $22,500); residence outside of the general Roxbury area; receipt of numerous threats; either youthfulness or older age; ownership of other businesses; and the ownership of the firm by one person, rather than several people.

The Decisive factors were: severe damage (store burned or person beaten); downward trend of business before the riots; possession of varied types of outside income (other businesses, other jobs, working wives); and the use of own funds, not family's funds, to start their own business.

Pressures towards closure are not the only factors to take into account. Pressures away from closure were important too, and so was the possession of a capacity to adjust to change, and a modicum of independence of spirit and means.

A number of characteristics were shared by all the firms, and were thus considered irrelevant to the decisions made. Surprisingly enough, these non-factors included insurance, bank loans, size of business as indicated by number of employees, and status as owner or tenant.

Consumers. If the trend of vacancies continues at the present rate, with whites leaving and blacks not buying in, then needed services will not be available to the consumers of the area.

Transfers of Businesses from Whites to Blacks. Transfers are not taking place, and there do not seem to be any potential buyers. Only 6 sales have taken place.

The whites who leave or who want to leave face either the loss of their entire assets or heavy loss sustained in relocating (plus the high risks of starting in a new location).

There is no doubt that transfers would be to the advantage of whites who want to leave. Transfers would also be to the advantage of consumers (as argued above, they need services). But are the businesses worth buying?

Depending on fair appraisal, fair pricing, adequate financing, and professional consulting assistance to new black owners, there is no
Summary, Conclusions, and Recommendations

doubt that there is a market here to be tapped. The reasons for closure point to poor business as only one aspect of closure. Secondly, the people who remain in the area claim to have businesses that have been doing fairly well. (Of course, as in anything else, claims need to be checked; but it seems reasonable that the possession of a fairly decent business would deter closure, provided that expectations of future damage is low and that the owner does not feel that he has other options.)

Black Businessmen. The few black businessmen whom I had occasion to talk with in the area, and outside of the area, seem to have problems very similar to the white businessmen's—damage, insurance, dependence on their business, some inability to take risks, etc.

Secondly, the black businessmen in the immediate area do not seem to be profiting from the decrease in white businesses: the violence potential of the area has reduced hours of trade and numbers of customers; also both the shabbiness and the loss of magnetism (through loss of numbers and varieties of firms) have been deleterious.

Conclusion. In short, whatever psychological, emotional, and practical results may have come out of the riots, nothing good, so far, seems to have come out of the riots for the businessmen, the consumers, nor the other parties involved in the business functions of the Grove Hall shopping area.

There was little anger and prejudice and much understanding on the part of the white businessmen who remain in the area, although anger seemed more pronounced among those who had had greater damage and who had closed.

In many ways this was all the more remarkable, because despite whatever injustices some owners may have perpetrated, the white businessmen are bearing the full brunt of damage done by the entire white society, and not done by themselves alone. The white businessmen are merely the visible and near-to-hand targets of the entire white America that has produced so much disadvantage and hostility.
Summary, Conclusions, and Recommendations

It seems clear that the people of this area need assistance and that it is a public responsibility to provide assistance.

(2) POLICY RECOMMENDATIONS

1. WHAT WOULD FACILITATE THE TRANSFER OF WHITE BUSINESS TO BLACKS?

   (a) a non-profit brokerage service would facilitate the transfers PROVIDED THAT IT CAN BE SHOWN THAT THERE ARE POTENTIAL BUYERS (so that we know it is worth the cost of setting up such a brokerage).

   The Appendix contains the results of a survey conducted among the professional brokers in the Boston area showing: 1. a few brokers have Roxbury businesses as clients--but no buyers; 2. very few of the brokers are willing to handle small businesses (businesses selling for under $25,000); and 3. no brokers are located in the Roxbury-North Dorchester area.

   (b) fair appraisals are needed and should be provided;
   (c) insurance is needed and should be provided;
   (d) protection is needed and should be provided;
   (e) financing and counselling for black businessmen are needed and should be provided. Both are provided to some extent by a number of agencies, but there are problems of over-long waits for processing (especially for help from the Small Business Administration) and problems of inadequate or haphazard access to personnel representing the agency (especially for the Urban Foundation--people don't know who to go to for help). The Urban Foundation (set up a few months ago) has a "skills bank" and is preparing to make loans. The agency is not, however, set up primarily for the transfer of businesses, but mainly for new business development, which may or may not involve transfers.

2. WHAT POLICIES WOULD ASSIST THE SITUATION IN GROVE HALL?

   (a) assistance with transfers, as outlined above;
   (b) financing and counselling for existing black businessmen--much more of it and ready access to it;
   (c) assistance for white businessmen--
       1. for those who stay--counselling on neighborhood
relations; assistance in gaining protection; opening communications with the neighborhood for mutual attitude change;

2. for those who want to leave--a brokerage service, financing, help finding new locations;

3. for those who have left--help finding jobs for the unemployed who want jobs, help starting new businesses, financial assistance to recompense losses sustained.

(d) assistance for all--City tax incentives for store rehabilitation; assistance in obtaining 312 commercial rehabilitation loans (3% interest); better communication of the availability and location of opportunities to obtain help; and better City services.

3. WHAT JUSTIFIES PUBLIC INTERVENTION INTO THESE "PRIVATE" AFFAIRS?

(a) a large number of residents depend on this area for their shopping--especially important because the area lacks good public transportation and because car-ownership is low--without intervention the prognosis is poor;

(b) the events in this area are the results of numerous injuries by numerous of the public, but are being sustained by relatively few people--especially the white businessmen, but also the black businessmen in the area. As such, the losses sustained are not equitable, and the businessmen deserve assistance and recompense;

(c) the need for black business ownership and the need on the part of whites to sell their businesses are in agreement with each other such that meeting these needs would serve all parties;

(d) these needs involve many people;

(e) the private sector is not taking care of all of these needs and is not likely to take care of them.

(3) ACTION-RESEARCH

This research project was conducted partially in the tradition of the City Planning profession, which seeks information for the purpose
of developing long- and short-range plans of action. The research was also partially in the tradition of the Business Management profession, which seeks information to be used as the basis for decision-making for long- and short-term actions. But the project had an additional dimension, as well. An effort was made to weave action into the very process of developing the information.

During the period when the research was being conducted, the investigator was simultaneously involved in promoting actions to ameliorate the situation of the black and white businessmen of the Roxbury area. This was done partially through disseminating interim reports on the research as results were achieved, which has already led to some action; and partially through acting as a broker to channel resources into the area.

A third and important element in this project was the collection of sponsors and working parties from both "sides" of the situation--black and white organizations--and also from the academic community. This cooperative effort focussed on accomplishing one goal: to provide information that would lead to ameliorative action.

The sponsors brought their varied viewpoints to the research--and to each other. Because of these things, the project included investigations of extra questions and viewpoints that would not have been developed without the feedback on preliminary results that the sponsors provided from their diverse perspectives. The research became an iterative, rather than a one-shot process.

Interim preliminary reports were issued and acted upon before this publication of the total results. Three weeks after the beginning of the field work, towards the end of May 1968, the investigator circulated a preliminary report on the open businesses. The report was carried by the newspapers (Boston Globe, May 29 and June 2), and was distributed informally among concerned people.

As a result of the preliminary report, a group in Brookline decided to assist in the transfers and the investigator put them in touch with a Roxbury group. Although the Brookline group has not yet achieved, during the summer months, the full activity that it had intended, one
person from this group, Mr. Benjamin Bartzoff, President of Snelling and Snelling Employment Counsellors, has provided a great deal of counselling assistance to some black businessmen in the area.

Secondly, the Brookline group came up with an extremely valuable helping concept: to provide interest-free loans, insurance, and full counselling to blacks who want to get into business--but only to a limited number--so that the goals are accomplishable! They have provided a model for any suburban group that may want to be usefully involved.

About a month after the preliminary report on the open white businesses, the investigator and James David Preston (candidate for the S.M. in Management degree at Sloan, MIT) surveyed professional business brokers; and circulated a preliminary report on these findings. (The final report is in the Appendix.) This circulation resulted in the writing of a proposal to fund a public brokerage service, by Melissa Hutchins and Edward Teitcher* of the Boston Redevelopment Authority and the City Demonstration Agency (the group previously called The Model City Administration), which was reviewed by this investigator.

A list of the white businessmen was provided to both the Combined Jewish Congress and the Anti-Defamation League of the B'Nai B'Rith for their use in contacting the white businessmen to offer assistance. (But in conformity with our promise of confidentiality, no information about the individual businessmen nor their affairs was revealed).

In other words, the formal research product represented by this final report is but one aspect of the action-research process.

It was hoped, in doing this project, that the information collected would occasion the provision of funds and counselling assistance for transfers from whites who want to transfer to blacks who want to buy. So far, there has been some action, as described above, but not enough. The Urban Foundation, which incorporated a few months ago, has been providing increasing amounts of counselling through its Skills Bank, headed by Walter Milne of MIT. (The investigator has channeled a number of blacks to this group.) The U.F. has also committed itself to making

* M.C.P., M.I.T.
loans; and several have been approved so far, although as yet none have actually been made.

Other spinoffs of this project have included the following:

Professor Severyn Bruyn of Boston College has asked for and received the investigator's permission to adapt her questionnaire to his research on the Dudley Terminal merchants in Roxbury, for the Joint Center for Inner City Change (the Urban League and Boston College).

Finally, the Head of the Research Dept. at the Federal Reserve Bank, Boston, Edwin Gooding, has asked and been granted the investigator's permission to publish a shortened version of this report in the Federal Reserve Bulletin. Also, Action for Boston Community Development, the organization that originally commissioned the report through Robert M. Coard who is now Executive Director-elect, plans to publish the entire report.

These are both important steps since the author is not aware of the existence of any other research on white businesses in riot areas* although throughout the past year we have all of us heard of the damage and looting occurring in such areas throughout the country.

This report makes no claims to be representative of other areas, but it does claim to be a step in the right direction.

In short, the action-research concept describes a situation in which both the investigator and the clients are simultaneously involved in both the research (posing questions and getting answers) and in promoting action to ameliorate the conditions under investigation. The action-research concept has been developed and carried out with some degree of success in this project, and will continue beyond this "final" report.

* There have been numerous brief newspaper articles and one long article in the Sunday New York Times Magazine, June 2, 1968.
APPENDIX A.

SURVEY OF PROFESSIONAL BUSINESS BROKERS

1. Findings from the Survey
2. Letter to the Brokers
3. List of Brokers from the Yellow Pages
4. Questionnaire for Brokers
FINDINGS FROM THE
SURVEY OF PROFESSIONAL BUSINESS BROKERS IN THE BOSTON AREA

Riva M. Poor
and James David Preston
(Candidate for S.M. in Management degree, M.I.T., 1969)

This final report is a brief summary containing: Purpose, Method, Findings, and Conclusion. The findings are similar to those circulated in the Preliminary Report.

(1) PURPOSE

The purpose was:
1. to check our impression that the problem of business transfers from whites to blacks is not being handled by the normal market channel, professional business brokers; and
2. to obtain a description of the services normally performed by brokers for business transfer clients.

(2) METHOD

Personal interviews with business brokers listed in the 1968 Yellow Pages were conducted by David Preston during July and early August, 1968. Of the 16 firms listed in the directory, 11 were interviewed; 2 refused interviews, and 3 could not be located, despite dozens of telephone calls.

(3) FINDINGS

1. No professional business brokers are located in the Roxbury-North Dorchester area of Boston, nor near it.
2. Only 3 brokers had clients from the area--all sellers, no buyers.

3. None of the brokers had handled any transfers in this area, for years.

4. The brokers who had clients who want to sell say that they are not able to find any buyers, and do not expect to be able to find any.

5. The other 8 brokers are not likely to be handling transfers for this area: first, because they are not receiving requests; and, secondly, because they feel that it is unprofitable to handle small businesses--firms selling for under $25,000. (Some of the brokers do not handle firms under $100,000.)

6. The function of a business broker is to introduce buyers and sellers to each other. The broker does this by using a network of business contacts that he has developed over the years. Other functions are optional. Some brokers do appraisals; some arrange financing through banks and through private financing channels. Many brokers specialize in the handling of one or another type of business.

7. The brokers' fees are usually paid by sellers. Usually, the fee is 10% of the selling price of the business, although it may vary.

8. There is no licensing nor formal registration for business brokers.

(4) CONCLUSION

People interested in promoting small business transfers in the Roxbury-North Dorchester area will have to provide a non-market-based broker service; because the fees payable by small businesses are not worth the time of professional brokers. Secondly, the professional brokers do not appear to have an active network in the area--and a network is important to their performing their function: no contacts, no transfers. Still, a serious question remains: although we know sellers exist (from the main study), are there any buyers?
Dear Business Broker:

This letter is to introduce Mr. David Preston, a graduate student at the Sloan School of Management, Massachusetts Institute of Technology.

Mr. Preston is one of a group of graduate students from both MIT and the Business Assistance Program at the Harvard Graduate School of Business who has volunteered to assist us in collecting information about the current business problem and opportunities in the Roxbury-North Dorchester area, for planning purposes.

We would appreciate your cooperation and assistance.

The cooperating sponsors of this project are: the Anti-Defamation League of B'nai B'rith, the Model City Neighborhood Board, and Action for Boston Community Development Incorporated. The project is directed by Mrs. Riva Poor, an economic development planner, working under Mr. Robert Coard, Director of the Planning and Evaluation Department of ABCD.

Two articles are enclosed for your information.

Thank you for any assistance you are able to give to this unique cooperative effort.

Sincerely,

George Bennett
Executive Director

GB: my

Enclosures
LIST OF BUSINESS BROKERS FROM THE YELLOW PAGES

None are located in or near the Roxbury area.

1. ABC Business Brokers & Realty, 31 Cross, Malden; 332-3564.
2. Abbot-Anderson, Inc. 20 Gralynn Road, Newton; 969-7330.
11. Industrial Development Corp., 156 State St., Boston; 742-2460.
12. O'Donnell Jodrey Realty Trust, 780 E. Broadway St., Boston; 269-4377.
15. Tofias, George I., 167 Corey Road, Brighton; 734-4700.
16. Waltham Homes, Inc., 977 Main St., Waltham; 894-0802.
Business Brokerage Study for the Roxbury-
North Dorchester Area of Boston

Date

1. Business Brokerage Firm
   Address
   Person contacted Position
   Telephone Extension

2. What is your opinion of the business transfer situation in the ghetto areas of Roxbury, North Dorchester, and the South End?
Business Brokerage Study for the Roxbury-North Dorchester Area of Boston

What do you feel are the business problems and business transference problems in these areas?

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3. Business Brokerage Study for the Roxbury-North Dorchester Area of Boston

CODE: ___

4. Does your firm have any policy with respect to doing business in these areas?

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Business Brokerage Study for the Roxbury-North Dorchester Area of Boston

5. What experience, if any, has your firm had with business transfers in these areas?
5. (A) If none Reasons why not:

1. Have you had any requests for your service from owners of businesses in these areas or from potential buyers?  

2. Have you ever rejected requests for services in these areas?
3. Does your firm like to go into the Roxbury North Dorchester area?

4. Does your firm feel that the Roxbury - North Dorchester businesses are too small for your firm to handle?
5. Does your firm feel that the problems involved in business transfers in the Roxbury - North Dorchester area are not worth the effort? What problems?
Business Brokerage Study for the Roxbury-
North Dorchester Area of Boston

6. Other reasons? ____________________________

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Business Brokerage Study for the Roxbury-
North Dorchester Area of Boston

5. (B) If yes, most recent first

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<th>with whom or more important</th>
<th>nature of service performed</th>
<th>Negro buy</th>
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5. (B) Reasons why:

1. Have you had any requests for your service from owners of businesses in these areas or from potential buyers? ____________________________

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2. Have you ever rejected requests for services in these areas? ______

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if yes - what resulted
if no - why
3. Does your firm like to go into the Roxbury-North Dorchester area?

4. Does your firm feel that the Roxbury-North Dorchester businesses are too small for your firm to handle?
Have you had any other requests for your services from owners of businesses in these areas or from potential buyers?
6. What problems do you think there would be in performing any type of business brokerage service in the Roxbury - North Dorchester area?
Business Brokerage Study for the Roxbury-North Dorchester Area of Boston

7. What do you think business brokerage firms, such as yours, can do to help the situation in these areas?

...... to find buyers who want to sell?

...... to effect transfers?

RIVI
PO1 LIST
after this
8. List of business brokerages .......... missed any others??

<table>
<thead>
<tr>
<th>No.</th>
<th>Business Name</th>
<th>Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A B C Business Brokers &amp; Realty</td>
<td>31 Cross, Malden</td>
<td>322-3564</td>
</tr>
<tr>
<td>2.</td>
<td>Abbot-Anderson Inc.</td>
<td>20 Gr alynn Road, Newton</td>
<td>969-7330</td>
</tr>
<tr>
<td>4.</td>
<td>Belmor Co.</td>
<td>18 Tremont Street, Boston</td>
<td>523-5471</td>
</tr>
<tr>
<td>5.</td>
<td>Boylston Business Associates</td>
<td>739 Boylston Street, Boston</td>
<td>267-1860</td>
</tr>
<tr>
<td>6.</td>
<td>Buyers-Sellers Business Exchange</td>
<td>145 Tremont Street, Boston</td>
<td>523-8390</td>
</tr>
<tr>
<td>7.</td>
<td>David B &amp; Co.</td>
<td>6 Beacon Street, Boston</td>
<td>227-6340</td>
</tr>
<tr>
<td>8.</td>
<td>Doyle A. F. &amp; Co.</td>
<td>59 Beacon Street, Boston</td>
<td>523-0681</td>
</tr>
<tr>
<td>9.</td>
<td>Greater Boston Registry of Business</td>
<td>Opportunities</td>
<td>969-4024</td>
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<tr>
<td></td>
<td>Opportunities</td>
<td>82 Miller Road, Newton</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Hancock Corp.</td>
<td>27 State Street, Boston</td>
<td>524-7600</td>
</tr>
<tr>
<td>11.</td>
<td>Industrial Development Corp.</td>
<td>156 State Street, Boston</td>
<td>742-2460</td>
</tr>
<tr>
<td>12.</td>
<td>O'Donnell Jodrey Realty Trust</td>
<td>780 East Broadway Street, Boston</td>
<td>269-4377</td>
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<tr>
<td>13.</td>
<td>Rosenfeld, Richard D. &amp; Associates</td>
<td>133 Boylston Street, Boston</td>
<td>734-2900</td>
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<td>14.</td>
<td>Serata Morris</td>
<td>262 Washington Street, Boston</td>
<td>227-1315</td>
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<td>15.</td>
<td>Tofias, George I.</td>
<td>167 Corey Road, Brighton</td>
<td>734-4700</td>
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<td>16.</td>
<td>Waltham Homes Inc.</td>
<td>977 Main Street, Waltham</td>
<td>894-0802</td>
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</table>
9. What are the functions that business brokers perform?

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10. Do you perform the appraisal service yourself __________, allow your client to appraise his own business __________, or have an outside agency perform this service for you __________?

Name of outside agency __________________________
Address of outside agency __________________________
Telephone number __________________________
11. Do you in any way handle the problem of financing for your buyers?

Yes  ____  No  ____

In what ways?  What factors influence your decision to aid?

________________________________________________________________________
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________________________________________________________________________

12. What method do you use to charge for your services?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
13. Do you handle all sizes of businesses or do you have a minimum value below which your firm will not handle?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________


14. What other channels, other than brokerages such as yours, are used by people to buy and sell businesses?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
15. How does your firm "drum-up" business?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

16. Who are your clients and who do you get paid by?
a) clients: buyers ____ sellers ____ both ____
b) paid by: buyers ____ sellers ____ both ____

17. Is there a national association of brokers? Do you have to be licensed? Registered? What is the nature of the above?
APPENDIX B.

COMPARATIVE LIST OF OPEN AND CLOSED FIRMS

Showing Types of Firms
**NO SIGNIFICANT DIFFERENCES IN THE TYPES OF BUSINESSES THAT CLOSED AND THE TYPES THAT STAYED OPEN ARE APPARENT IN COMPARING THE LISTS OF THESE BUSINESSES**

<table>
<thead>
<tr>
<th>TYPES OF BUSINESSES</th>
<th>OPEN Firms</th>
<th>CLOSED Firms</th>
<th>ALL Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manufacture</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2. Wholesale</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>3. Retail</td>
<td>37</td>
<td>24</td>
<td>60</td>
</tr>
<tr>
<td>Food</td>
<td>9</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Furniture (new &amp; used)</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Eating Place</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Liquor</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Hardware</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Apparel</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Variety</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Gas Station</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Building Supply</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Miscellany</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>4. Service*</td>
<td>9</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>5. Professional*</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>6. Unidentified</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>53</td>
<td>38</td>
<td>91</td>
</tr>
</tbody>
</table>

* Includes: laundry, barber, tailor, cleanser.

** Includes: optometrist, insurance agent, lawyer.

*** The open firms are not subdivided into planning-to-close and in order to protect the confidences of the owners in this small set. However, the sets are so small as to make the showing of the comparisons relatively worthless--there were no obvious differences among the open business groups.

**** Page 36-37 of the text have a discussion of the differences.
APPENDIX C.

FORMULAE FOR STATISTICAL TESTS OF SIGNIFICANCE
FORMULAE FOR STATISTICAL TESTS OF SIGNIFICANCE

(1) STATISTICAL PROOF

The process of proving that an hypothesis is true is the process of proving that the variables in the hypothesis are not unrelated to each other. If they are not unrelated, then they must be related; and your hypothesis is supported.

The basic task that the statistical tests perform is to tell you whether to allow any significance to the fact that your numbers came out looking quite different from each other—that is, to tell you whether the numbers could have developed that way by chance even though the variables are unrelated.

The "expected frequency" is what the numbers would have been if the variables are unrelated to each other. If a test shows that the numbers "differ significantly from expected frequency", then the variables are related and your hypothesis is supported.

Still, there is the element of chance that must be taken into consideration. It is possible to have heads turn up 4 times in a row when a coin is perfectly fair or even on both sides; but at what point would we want to figure that a coin was not fair—10 heads in a row? In other words, what confidence can we place in our results?

The degree of confidence that one can place in the statement of relationship between variables is given by the "probability". For example, "with probability less than .05" means that in only 5 or fewer cases out of 100 would there have appeared this configuration of numbers, had the variables been unrelated. In other words, there is a very good chance (95 or better out of 100) that the variables are related. The smaller the sample size, the harder it is to prove that the differences in the configurations are significant; that is, the differences must be more pronounced to prove this. The larger the sample, the less pronounced the differences must be to be significant.
The smaller the level of probability, the better for supporting the hypothesis that the variables are related. The higher the level, the worse. The .05 level of confidence is an acceptable, if not conservative, one for social science research.

The preceding paragraphs have explained the importance and the meaning of the phrase: "differs significantly from expected frequency by the ___ Test with probability less than .0x."

(2) GENERAL FORMAT FOR CONTINGENCY TABLES

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>( Y )</th>
<th>( \bar{Y} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>( X )</td>
<td>( n_{11} )</td>
<td>( n_{12} )</td>
</tr>
<tr>
<td>( \bar{X} )</td>
<td>( n_{21} )</td>
<td>( n_{22} )</td>
</tr>
<tr>
<td></td>
<td>( C_1 )</td>
<td>( C_2 )</td>
</tr>
</tbody>
</table>

This example is a 2 x 2 table; but tables can be \( r \times c \), \( r \times c \times k \), and so forth.

\( A, B \) = variables ( \( A \) and \( \bar{A} = A \) and not-\( A \) )

\( R_i \) = Row total (\( R_1 \) = the total of Row one)

\( C_i \) = Column total

\( N \) = \( R_1 + R_2 + C_1 + C_2 \) = grand total

\( n_{ij} \) = general form identifying the number in the cell of row \( i \), column \( j \)
(3) FORMULAE FOR TESTS USED IN THIS PROJECT

A. GENERAL FORMULA FOR CHI-SQUARE TEST -- used where $N$ is greater than or equal to 20, and where $n_{ij}$ is greater than or equal to 5

$$\text{Chi-Square} = \sum \frac{(n_{ij} - \frac{R_i C_j}{N})^2}{\frac{R_i C_j}{N}}$$

B. SIMPLIFIED FORMULA FOR 2 x 2 TABLES ONLY

$$\text{Chi-Square} = \frac{N}{\frac{R_1 R_2 C_1 C_2}{n_{11} n_{22} - n_{12} n_{21}}}$$

If Chi-Square is greater than the value found in the Chi-Square table for the appropriate degree of freedom (formula is in C.), then reject the Null Hypothesis; that is, reject the idea that the variables are independent, and accept the idea that the variables are related, at the level of confidence selected by you (under which you looked up the value of Chi-Square that your value of Chi-Square had to exceed).

C. FORMULA FOR OBTAINING DEGREES OF FREEDOM

$$v = (i - 1)(j - 1)$$

$v$ = degree of freedom

$i$ = number of rows

$j$ = number of columns

example: for a 2 x 2 table

$$v = (2 - 1)(2 - 1)$$

$$v = (1)(1) = 1$$
D. FORMULA FOR YEATES CORRECTION -- used when $N$ is less than 20 or when $n_{ij}$ is less than 5 -- FOR 2 x 2 TABLES ONLY

\[
\text{Chi-Square} = \frac{N \left( |n_{11} n_{22} - n_{12} n_{21}| - .5 N \right)^2}{R_1 R_2 C_1 C_2}
\]

E. FORMULA FOR CHI-SQUARE TEST FOR $n \times n$ TABLE

\[
\text{Chi-Square} = \frac{1}{N} \sum \sum \frac{(N n_{ij} - R_i C_j)^2}{R_i C_j}
\]

F. THE FISHER EXACT PROBABILITY TEST -- FOR 2 x 2 TABLE ONLY

The operation $(p_i)$ is performed on the contingency table. Then one cell is reduced by subtracting the number one, and the operation is again performed on this new contingency table ($N$ remains $N$ throughout). The entire process is repeated until the operation has been performed for a table in which one cell has become zero. Then all $p_i$ are added, giving $P$, the exact probability of the original table.

\[
P = \sum p_i, \quad p_i = \frac{R_1! R_2! C_1! C_2!}{N! n_{11}! n_{12}! n_{21}! n_{22}!}
\]

$n! = \text{factorial } n = n \times (n - 1) \times (n - 2) \times ... \times 1$

for example, $5! = 5 \times 4 \times 3 \times 2 \times 1 = 120$
APPENDIX D.

SURVEY OF WHITE BUSINESSES AFTER THE RIOTS

1. Letters to Businessmen
2. Questionnaire for Closed Businesses
3. Questionnaire for Open Businesses
April 30, 1968

Dear Businessman:

This letter is to introduce Mrs. Riva Poor and associates who are collecting information about the current business problems and opportunities in the Roxbury-North Dorchester area for planning purposes, in cooperation with the following agencies: The Anti-Defamation League of B'Nai Brith, The Model City Neighborhood Board, and Action for Boston Community Development, Inc.

We would appreciate your cooperation and assistance.

Mrs. Poor is an economic development planner working under the direction of Robert Coard, Director of the Planning and Evaluation Department of ABCD. This effort is made possible in large part by the able assistance of volunteers from the Business Assistance Program of the Harvard Graduate School of Business Administration and volunteers from various graduate schools at the Massachusetts Institute of Technology, including the Sloan School of Management.

Thank you for any assistance you are able to give to this unique cooperative effort.

Sincerely,

George Bennett
Executive Director
April 30, 1968

Mrs. Riva Poor
ABCD
16 Tremont Street
Boston, Massachusetts

Dear Mrs. Poor:

Thanks very much for your excellent cooperation with regard to the problems of merchants in the Roxbury area. I think that the research you are carrying on is extremely important, and I hope you will receive the best possible cooperation from the merchants in the Roxbury area.

Sincerely yours,

Sol Kolack
Executive Director

SK/bp
CLOSED FIRMS
SURVEY OF WHITE BUSINESSMEN WHO LEFT THE AREA

(TO BE FILLED OUT BY INTERVIEWER, AFTER THE INTERVIEW)

INTERVIEWER ____________________________ ; Interviewer's telephone number ______

Date of Interview _______________________ ; 1968; __________________
(Month) (day) (Day of the week; e.g., Monday, Tuesday, etc.)

Location of Interview ____________________________
(Full Address)

Is this the businessman's home, new place of business, or "other"? ____________

Address of Former Business ____________________________

Name of Former Business ____________________________

Type of Business ____________________________

Businessman's Plans and Actions:

When did he leave? ____________

How did he leave? (a) he was burned out ______
(b) he transferred ownership ______
(c) he liquidated ______
(d) he relocated his business ______; Where to? ______
(e) he started a different kind of business ______; What kind? ______
(f) he's operating a business he owned before closure ______
(g) he retired ______
(h) he is working for someone else ______; Where? ______

(i) he has plans to do something else ______; What? ______

(j) he is undecided ______

Businessman's Ethnic and Religious background:

_____ Jewish; _____ Irish; _____ Italian; _____ Other (please specify) ______

Businessman requested a copy of this study: _____ Yes; _____ No

PLEASE DESCRIBE HOW THE INTERVIEW WENT: WAS HE COOPERATIVE? FRIENDLY?
COMMUNICATIVE? ETC.

________________________________________________________________________
________________________________________________________________________

How much time did the interview take? ____________ When did you start? ______

Businessman's Name ____________________________ ; Home address __________________

Home Telephone number __________________ ; Business Telephone number ______
Q--1. Are you the former owner of (the business--)__________________________
which was located at ______________________________?

If "No" - - -
Who was the owner? __________________

FIND OUT HOW YOU CAN REACH THE OWNER; AND SEE IF YOU CAN ARRANGE TO MEET HIM.
DO NOT PROCEED FURTHER WITH THE INTERVIEW IF YOU CANNOT TALK WITH THE OWNER.

Q--2. Were you the sole owner?
   1. Yes ____
   0. No ____

(INTEIVIEWER, THE OTHER QUESTIONS ABOUT BUSINESS ORGANIZATION ARE ON THE LAST PAGE.

IF THE OWNER VOLUNTEERS THE INFORMATION AT THIS POINT, THEN FILL IT IN. OTHERWISE - DO NOT PROBE WAIT until you get to that part of the interview.)

Q--4. Would you please explain to me: Why did you leave?

Q--5. When did you leave? ______________
         (date)
Q--6. Had your business ever been looted, robbed, burned, or vandalized; or had you ever been personally threatened or personally harmed?

0. No; 1. Yes

(IF "YES," INTERVIEWER FILLS OUT THE FOLLOWING COMPLETELY. READ EACH POSSIBILITY SEPARATELY; AND FILL IN THE ANSWERS TO THE QUESTIONS ON THE RIGHT, BEFORE GOING ON TO THE NEXT POSSIBILITY.)

(Q--7)

<table>
<thead>
<tr>
<th>Amount Dollar recovered</th>
<th>Was</th>
<th>Amount</th>
<th>Dollar recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>When &amp; how many times?</td>
<td>What happened?</td>
<td>amount of loss?</td>
<td>insured?</td>
</tr>
</tbody>
</table>

0. Windows broken

1. Other vandalism

2. Attempted burglary
   (means attempted break & entry - people not present)

3. Burglary

4. Attempted robbery
   (means attempted with people present)

5. Robbery

6. Looted

7. Burned

8. Threatened
   IF SO, BY WHOM? and WHAT WAS THE NATURE OF THE THREAT?

9. Personally harmed
Q--8 What factors did you weigh in the decision to leave? That is, What were the items in favor of staying and what were the items in favor of leaving?

| ITEMS IN FAVOR OF STAYING | ITEMS IN FAVOR OF LEAVING |

Q--9 How long had you been operating your business at that location? 

__________ years

Q--10 Had you been planning to leave for a while before you left?
   0. ___ No; 1. ___ Yes

Q-11 For how long had you been thinking about leaving?

Q-12 Why were you considering leaving?

Q-13 Would you have thought to leave even if there had been no unrest in the area and you did not feel threatened? Why?

Q--14 If the problems you have mentioned had not existed, would you say that the business opportunity for your type of business had been good in that area?
Q--15 Did you make any attempts to find a buyer? (for the business)
0. No; 1. Yes.

Q--16 If yes, how did you go about trying to find a buyer?

Q--17 What sorts of problems or obstacles did you encounter in trying to get a buyer?

Q--18 Did you sell your business? (or are you in the process of selling the business?)
0. No; 1. Yes

Q--19 If yes, Do you feel that you got a just or reasonable payment?
0. No; 1. Yes Why?

Q--20 To whom did you sell?

Q--21 Is the buyer Negro?
0. No; 1. Yes

Q--22 Are you staying on or did you stay on in the business for a while in order to teach the new owner—or have you some other arrangement of this kind?
0. No; 1. salaried basis;
2. partnership; 3. kind of counselling (please specify)

Q--23 Do you think that he will make a success of it (or that he is making a success of it? Why?
0. No; 1. Yes
Q-24 What kind of financial arrangement did you make?
(INTERVIEWER, READ THE ALTERNATIVES TO HIM)
0.____cash only;  1.____long-term payments (mortgage)
2.____other (please specify)

Q-25 Is some financial institution assisting the buyer?
0.____No.
1.____the S.B.A.; How long has he been negotiating with them?
2.____bank; Which one?
3.____other; please specify

Q-26 What was the price for which you sold the business, and what was included?

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td></td>
</tr>
<tr>
<td>Furnishings &amp; Fixtures</td>
<td></td>
</tr>
<tr>
<td>&quot;Good Will&quot;</td>
<td></td>
</tr>
<tr>
<td>Machinery or other equipment</td>
<td></td>
</tr>
<tr>
<td>Other; please specify</td>
<td></td>
</tr>
</tbody>
</table>
We are concerned to know how the closing of your business has affected your life, whether it has created serious problems for you, and how you are doing now. To begin with:

Q--27 What are you doing now?

0. ___ retired
1. ___ working for someone
   Who? ________________________
   Where? ________________________
   Doing What? ________________________

2. ___ in business
   Where? ________________________; When started? __________
   What type? ________________________
   Was it operating before closure? __________

3. ___ other; please specify ________________________
   on vacation ______
   planning, but undecided ______
   looking around ______
   starting something ______

Q--28 At the time of closure, did you own any other businesses?

0. ___ No; 1. ___ Yes

Q--29 If so, What kind(s) of business(es)? __________
   Where? ________________________; How long? __________

Q--29 At the time of closure, did you have any other sources of income? For instance,
   (INTERVIEWER, READ THE ALTERNATIVES):

0. ___ No; 1. ___ Yes
   Wife works ______
   Real estate ______
   other (please specify) ______
CLOSED FIRMS  

Q--30 Did you come out of the closure with any money or other assets?
  0.____No;  1.____Yes

Q--31 Was this enough to start over again or to live on?

Q--32 What amount did you come out with? $________

Q-33 Has the closure created problems for you? If so, please explain.
  0.____No;  1.____Yes

Q--34 Do you have any (other) plans for the future?
  0.____No;  1.____Yes

Q--35 Please explain.

Q--36 Is there any sort of assistance that you need now and would like to have?
  0.____No;  1.____Yes

  assistance to relocate?__________

  assistance to sell something?__________

Q--37 How do you feel about the closure?

Q--38 Would you want to go back? or is there any circumstance under which you would want to go back?
  0.____No;  1.____Yes  
  Circumstance________________________
Q--39 Had your business been growing?

Would you put this into percent figures (percent increase or decrease in gross sales per year)?

RISE  NEUTRAL OR STEADY  DECLINE

PERCENT CHANGE

Q--40 Were you making a good income from the business?

Q--41 What was your annual income from the business?

Q--42 Did you own the building or did you lease it?

owned _____ What was the value of the building? $________

What was the amount owing on the mortgage? $________

rented _____ What was your commitment on the lease? _____________

(months or years?)

-or-

Were you a tenant-at-will? ______

What was your monthly rent? $________

Did you have to pay a penalty when you left? ______
If so, what? ______

Q--43 How often did your stock turn over (or what was your turnover)?

_____ times per ______

Q--44 What do you consider to have been a fair price for your business? $__________

What was the value of your inventory? $__________

What was the value of your furnishings & fixtures? $__________

What was the value of your "good will"? $__________

What was the value of your machinery, or other equipment? $__________

Other items? Please specify__________________________
Q--45 Had you ever taken out any bank loans for your business (OTHER THAN A MORTGAGE FOR THE BUILDING) and do you have any bank loans for the business outstanding now?

0. No

This was because----
(a) could not get a bank loan

What banks had he tried?

Had he tried the S.B.A. (Small Business Administration)?

(b) does not believe in borrowing money
did
(c) did not need to borrow money

1. Yes

This was because----
(a) did not need it, just borrowed to get good credit
(b) did need it; used the money for

What bank? (S)

S.B.A.?

How much were you able to borrow? $

What were the terms?

Q--46 Did you have any insurance? (INTERVIEWER, THIS REFERS ONLY TO HIS BUSINESS, NOT TO LIFE INSURANCE NOR HOME INSURANCE.)

0. No.

Q--47 Had you tried to get insurance?

0. No 1. Yes

Were you unable to get it? (please describe)

1. Yes

Q--48 What types?

5. Contents
Q--49 Was it possible to get additional insurance?
   0.____No; 1.____Yes; 2.____Don't know.

Q--50 Did the insurance premiums go up?
   0.____No; 1.____Yes; 2.____Don't know.

Q--27 If so, by how much?
   0.____don't know; 1.____times

Q--51 Had you had insurance cancelled?
   0.____No; 1.____Yes.

Q--52 If so, when?

Q--53 What credit arrangements did you have with suppliers?

Q--54 Did you give credit to your customers?

Q--55 How many employees did you have?  **BESIDES YOURSELF**
   (Q--56)

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>NEGRO</th>
<th>WHITE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Relatives</th>
<th>Non-relatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>FULL TIME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART TIME</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q--57 What are your employees doing now that the business is closed?

Q--58 What do you think might have been done differently to prevent some of the violence that has occurred in the area?

Q--59 Would you please comment on the quality of police protection in the area, when you were there? (Please give concrete examples.)

Q--60 What do you think is the future of the area; especially, with regard to its business potential?

Which, if any, of the following statements apply to the area?----

Q--61 You'd have to be a Negro businessman in order to make a living there.__________

Q--62 Even a Negro businessman can't make a living there.__________

Q--63 Would you be willing to help some Negro businessman get started in business in some way? If so, how?

0.____No; 1.____Yes 2.____Yes, but not in a competing business (not in a business that competes with mine).

3.____by giving counselling & advice; 4.____Other (please specify)________
Q--64 We would like to understand what it takes to be a businessman - what kind of person is able to make a go of being in business. Would you tell us what it takes to run your kind of business... what kind of person you have to be?

Q--65 How many years have you been a business owner? ______

(Not necessarily this business here, but owning any business.)

Q--66 What is your age? ______ years.

Q--67 Has anyone in your family ever owned a business?

(INTERVIEWER, FIND OUT WHO --- ESPECIALLY, WAS HIS FATHER IN BUSINESS? WHAT TYPES OF BUSINESSES? ETC.)

WHO  TYPE OF BUSINESS

Q--68 Why did you decide to go into business? (that is, originally)

Q--69 What other options did you have? and how did you feel about them in comparison?

Q--70 What were the major obstacles that you had to deal with when you first started out?
Q--71 What kinds of help did you have in the beginning?

(INTERVIEWER, THIS MEANS WHAT KIND OF ASSISTANCE DID HE HAVE; e.g., did his family help him in some way?)

Q--72 How did you get the capital necessary for starting your business?

Q--73 What amount was this? (THAT IS, HOW MUCH DID HE START OUT WITH?)

$_________ of his own
$_________ borrowed from__________

Q--74 What year was this? (WHEN HE WENT INTO BUSINESS FOR THE FIRST TIME)

19____; ________ years ago.

Q--75 How did you manage to get your business started?

Q--76 What kinds of training and experience have you had that has helped you in your business? Which of these items apply to you? (READ THEM ALOUD)

Formal training__________________________________________

Worked for relative________________________________________

Worked for someone else in similar business____________________

other (please specify)_______________________________________

Q--77 How old were you when you first made some money?  Age______

Q--78 What did you do to make this money?
CLOSED FIRMS

Q--79 What aspects of business are most satisfying to you?
(READ ALTERNATIVES ALOUD)

being own boss
making money
dealing with people
satisfying customers
other (please specify)

Q--80 Which is the most important thing to you? (CHECK ONE OF THE ABOVE LIST).

Q--81 Would you like your children to be businessmen?
(INTerviewer, this is a HYPOTHETICAL QUESTION WHICH APPLIES EQUALLY TO THOSE WHO DO NOT HAVE CHILDREN, WHOSE CHILDREN ARE ALREADY IN OTHER FIELDS, ETC. PLEASE GET AN ANSWER TO THIS QUESTION.)

0. No; 1. Yes.

Q--82 Why?

Q--83 What is your marital status?

Q--84 How many children do you have?

Q--85 Ages of children? MALE; FEMALE

Q--86 Sex of respondent

Q--87 What is your religious and/or ethnic background? (The Anti-Defamation League is inquiring.)

Jewish; Italian; Irish;
Other (please specify)
Q-88 Which of the following forms of business organization apply to the closed business that we have been talking about?

- Partnership: How many partners were there? Were any relatives? If so, how many?

- Corporation: How many stockholders were there? (including himself) If any stockholders were relatives, how many were relatives?

(INTERVIEWER, FILL THIS OUT YOURSELF: )

Q-91 Was the business entirely family owned; i.e., entirely owned by relatives?

THANK YOU VERY MUCH
SURVEY OF WHITE BUSINESSMEN OPERATING ON THE AVENUE

(TO BE FILLED OUT BY INTERVIEWER, AFTER THE INTERVIEW)

Interviewer ___________________________

Date ___________ 1968;

(month) (day) (day of the week, e.g., Monday, Tues, etc.)

Type of business ______________________ Name of business _______

Address of business ______________________

Location: ______ midblock; ______ corner

Appearance of business quarters:

Inside _______________________________

Outside _______________________________

Businessman's Plans:

1. plans to stay _______________________

   (a) would never sell ___________

   (b) might, under some circumstances, sell _______

2. wants to leave ______________________

   (a) hopes to sell _______

   (b) is negotiating a sale _______

   (c) has already sold _______

   (d) plans to move to other quarters _______

   (e) plans to liquidate _______ (f) will retire ___

3. is undecided _______________________ 

4. has already left ____________________

   (a) transferred ownership _______ (b) liquidated _______

   (c) moved to new location _______

   (d) plans to move to new location _______; (f) will retire_

Businessman's Ethnic and Religious background:

____ Jewish;  ____ Irish;  ____ Italian;  ____ other (please specify)
Are you the owner?

Yes____

If "No"

Who is the owner?________________________________________

FIND OUT HOW YOU CAN REACH HIM; AND SEE IF YOU CAN ARRANGE TO
SEE HIM LATER.

IF YOU CANNOT ARRANGE TO SEE HIM, WRITE DOWN INFORMATION THAT
WILL HELP SOMEONE ELSE TO CONTACT HIM.

DO NOT PROCEED FURTHER WITH THE INTERVIEW IF YOU CANNOT TALK
WITH THE OWNER.

Q-11 Are you the sole owner?

1. Yes____

0. No____

(INTELLVIEWER, THE OTHER QUESTIONS ABOUT THE ORGANIZATION OF THE
BUSINESS ARE ON THE LAST PAGE - page 18. IF THE OWNER VOLUNTEERS
THE INFORMATION AT THIS POINT, THEN FILL IT IN. OTHERWISE, DO NOT
PROBE; WAIT UNTIL YOU GET TO THAT PART OF THE INTERVIEW.)

Q--4 What do you feel are the problems facing you as a businessman here
in this location (in the light of the recent events -- riots,
United Front demands, etc.)?
Q--5 Has your store ever been looted, robbed, burned, or vandalized?

0. No

(If "Yes" fill out the following, by dates):

<table>
<thead>
<tr>
<th>DATE</th>
<th>TYPE OF DAMAGE</th>
<th>COMMENTS</th>
<th>DOLLAR AMOUNT</th>
<th>AMOUNT RECOVERED</th>
<th>CHECK IF HE WAS NOT INSURED</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1967 riot</td>
<td>looted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>burned</td>
<td>vandali</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>harmed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Q--6)

April 1968 riot

<table>
<thead>
<tr>
<th>DATE</th>
<th>TYPE OF DAMAGE</th>
<th>COMMENTS</th>
<th>DOLLAR AMOUNT</th>
<th>AMOUNT RECOVERED</th>
<th>CHECK IF HE WAS NOT INSURED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>looted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>burned</td>
<td>vandaliz</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>harmed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Q--7)

At other times

(Fill in date) (Please show the number of times each has occurred)

<table>
<thead>
<tr>
<th>DATE</th>
<th>TYPE OF DAMAGE</th>
<th>COMMENTS</th>
<th>DOLLAR AMOUNT</th>
<th>AMOUNT RECOVERED</th>
<th>CHECK IF HE WAS NOT INSURED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>nothing has ever happened</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>burglarized (break, entry; people not present)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>robbed (people present)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>vandalized</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>personally harmed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Q--8) Have you ever been threatened in any way; and, if so, by whom?

(Please describe.)

<table>
<thead>
<tr>
<th>DATE</th>
<th>TYPE OF DAMAGE</th>
<th>COMMENTS</th>
<th>DOLLAR AMOUNT</th>
<th>AMOUNT RECOVERED</th>
<th>CHECK IF HE WAS NOT INSURED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q--9 Do you feel that your business is in danger of being looted, robbed, burned, or vandalized, or that you might be personally harmed or threatened?

0. _____none (no fears nor expectations)
1. _____looting
2. _____burning
3. _____vandalism
4. _____burglary
5. _____robbery
6. _____"All or most" of the above
7. _____personally harmed
8. _____all, including personal harm

Q--10 What are you considering doing or have you already decided to do in response to these problems?

1. (RECORD WHATEVER ANSWER HE MAKES; BUT IF HE DOES NOT MENTION ONE OF THE ALTERNATIVES, THEN READ THE ALTERNATIVES TO HIM: leave, stay, undecided.

0. CHECK HERE _____ IF YOU HAD TO READ THE ALTERNATIVES TO HIM.)

0. _____Leaving or wants to leave [(GO TO PAGE 6, QUESTION 24.)]

(Q--11) 1. _____STAYING OR UNDECIDED

Q--12 How definite are these plans?

0. _____indefinite
1. _____definite

Q--14 What would make you come to a definite decision?
Q--13 What would make you change your mind?
Q--15 What factors are you weighing in this decision? That is, what are the pros and cons? (PROBE)

ITEMS IN FAVOR OF STAYING  ITEMS IN FAVOR OF LEAVING

Q--16 Would you like to leave if you could receive a just or reasonable payment for your business? (That is, would you be willing to sell your business?)

1. ______ Yes (GO TO QUESTION 20)

0. ______ No; ______ undecided

Q--17 If loans were made available to make up the difference between what you could get for your business here and what it would take to set up a new business elsewhere, would you be interested in selling your business?

1. ______ Yes (GO TO QUESTION 20)

Q--105 What would you do and where would you go if you left this business, here?

Q--18 Are there any circumstances or are there any special arrangements that would induce you to sell your business?

0. ______ No GO TO QUESTION 42

1. ______ Yes

Q--19 Please explain.

Q--20 Would you have planned to leave even if there was no unrest in the area and you did not feel threatened? Why?

1. ______ Yes; 0. ______ No
Q--21 If you sell your business to a Negro, would you be willing to help him in some way to learn how to run your business?

1. Yes  0. No.

Q--22 For instance, would you be willing to stay on in the business for a while, perhaps on a salary basis, in order to teach him? Or is there some other arrangement you would be willing to be involved in? Please describe.

(READ THE ALTERNATIVES)

0. No

1. Salaried basis

2. Partnership

3. Some kind of counselling

4. Seminars or some kind of teaching

5. Spend several days explaining the business to a Harvard Business School consultant

Q--23 Would you be willing to accept payments over a period of time in exchange for receiving a higher price for the business? Please explain your answer.

1. Yes;  0. No

[ GO TO PAGE 11 QUESTION 42 ]

Q--24 What factors are you weighing in this decision? That is, What are the pros and cons? (PROBE)

LEAVING OR WANTS TO LEAVE

ITEMS IN FAVOR OF STAYING  ITEMS IN FAVOR OF LEAVING
Q--25 Would you have planned to leave even if there was no unrest in the area and you did not feel threatened? Why?

1._____Yes; 0._____No

Q--26 How definite are your plans? For instance, do you already have a buyer or have some other arrangements worked out?

0._____not definite yet  [GO TO PAGE 9 QUESTION 36]

1._____definite.

Q--27 What are these arrangements?

1._____has already sold the business
2._____is negotiating to sell the business
3._____is selling out the stock
4._____other (please specify)

not selling, but
6._____definitely shutting down by ________ (date)

If 6, go to P. 10, Q--43

Q--28 Do you feel you are getting just or reasonable payment?

Q--29 To whom did you sell (or are you selling)?

Q--30 Is buyer Negro?

1._____Yes; 0._____No.
Q--31 Are you going to stay on in the business for a while in order to teach the new owner--or have you some arrangement of this kind?

0. No
1. salaried basis
2. partnership
3. some kind of counselling (please specify)

Q--32 What kind of financial arrangements did you make?

(READ THE ALTERNATIVES)

1. long-term payments (mortgage)
2. cash only
3. some combination

Q--33 Is some financial institution assisting the buyer?

0. no
1. S.B.A. (How long has he been negotiating with them? _________)
2. bank (which?)
3. other (please specify)

Q--34 How did you go about finding a buyer?

Q--35 What sorts of problems or obstacles to selling did you have to meet?
Q--36 Have you made attempts to find a buyer?

0.______No  (GO TO QUESTION 39)

1.____Yes

Q--37 How have you gone about trying to find a buyer?

Q--38 What sorts of problems or obstacles have you encountered (in trying to get a buyer)?

Q--39 If you sell your business to a Negro, would you be willing to help him in some way to learn how to run your business?

1.____Yes;  0.____No

Q--40 For instance, would you be willing to stay on in the business for a while, perhaps on a salary basis, in order to teach him? Or is there some other arrangement you would be willing to be involved in? Please describe.

(READ THE ALTERNATIVES)

0.____No

1.____salaried basis

2.____partnership

3.____some kind of counselling (please specify)
Q--41 Would you be willing to accept payments over a period of time in exchange for receiving a higher price for the business? Please explain your answer.

1.____Yes; 0.____No

Q--43 What will you do if (or when) you sell your business here?

0.____retire
1.____undecided
2.____open business in a new location.

Q-44 Where?

Q--45 Are these plans definite? Do you know when you will open?

0.____not definite
1.____definite (specify)
3.____work for somebody else.

Q--46 Where might that be? and doing what?

Q--47 Are these plans definite?

0.____not definite
1.____definite (specify)

Q--44 How do you feel (or how will you feel) about this new course of action?
Q--42 If you do not sell your business, would you be willing to help some Negro businessman get started in business, in some way? How?

0. No
1. Yes

Q--46 What changes in your business or your business practices, if any, have you made since the riots? Please include items such as protection, inventory, prices, hours, etc.

<table>
<thead>
<tr>
<th>CHANGES &amp; PURPOSE</th>
<th>DATE</th>
<th>COST</th>
<th>EFFECT ON BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection - gun, revolver, stick, metal grills, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changed hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q--47 If these problems you have mentioned (in question 4) did not exist, do you see the business opportunity for your type of business in this area as good? Please explain.

0. No
1. Yes
2. Undecided

Q--48 Had your business been growing before the riots?

Would you put this into percent figures (percent increase or decrease in gross sales)

<table>
<thead>
<tr>
<th>RISE</th>
<th>NEUTRAL</th>
<th>DECLINE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q--49 Do you own the building or do you lease it?

owns____ What is the amount of the mortgage at present?

$______ (total owing)

Q--50 leases____ What is your commitment on the lease? ____ (months or years)
OPEN FIRMS

Q--51 How often does your stock turnover (or what is your turnover)?

______times per_______

Q--52 What would you consider a fair price for your business?

<table>
<thead>
<tr>
<th>ITEM</th>
<th>FAIR PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td></td>
</tr>
<tr>
<td>furnishings &amp; fixtures</td>
<td></td>
</tr>
<tr>
<td>good will</td>
<td></td>
</tr>
<tr>
<td>other (specify)</td>
<td></td>
</tr>
</tbody>
</table>

Q--53 Have you ever taken out any bank loans for your business (other than mortgage for the building) or do you have any bank loans for the business outstanding now?

0____no — was this because —

(a) could not get a bank loan____ (What banks did he try?)(S.B.A.?)
(b) does not believe in borrowing money____

1._____yes — was this because you —

(a) _____did not need it - just borrowed to get good credit
(b) _____did need it; used money for__________?

What bank? (s) ___________________________ S.B.A.?__________

Q--54 Do you own any other businesses?

0._____no

1._____yes

Q--55 What kind of business(es)? Where? How long? etc.
Q--56 Have you any other sources of income? (For instance ...)

0. No

1. Yes
   — Wife works
   — Real estate
   — Other (specify)

Q--58 Do you have any insurance? PLEASE GET NAMES OF COMPANIES on Insurance questions

0. No

1. Yes

Q--59 What types?

1. Fire

2. Liability

3. Burglary

4. Riot

5. All types excepting riot

6. All types including riot

Q--60 Is it possible to get additional insurance?

0. No

1. Yes

2. Don't know

Q--61 Did the insurance premiums go up?

0. No

1. Yes

Q--62 If so, by how much?

0. Don't know

1. Times

Q--63 Have you tried to get insurance?

0. No

1. Yes

Q--64 Were you unable to get it? (please describe)
Q--65 Have you had insurance cancelled?
0 no
1 yes

Q--66 When? __________________

Q--67 What credit arrangements do you have with suppliers?

<table>
<thead>
<tr>
<th>MAJOR SUPPLIERS</th>
<th>CREDIT ARRANGEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q--84 Does he give credit to his customers?</td>
<td></td>
</tr>
</tbody>
</table>

Q--68 (Who are his major suppliers?)
0 no answer
1 he answered

Q--69 Could a new business owner get the same arrangements?
1 yes
0 No or unlikely

Q--70 Why not?

Q--71 How many employees do you have? BESIDES HIMSELF!

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>NEGRO</th>
<th>WHITE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FULL TIME

PART TIME
Q--76  Do you belong to any business associations or neighborhood associations?
   0______no
   1______yes

Q--77  Which ones do you belong to?

Q--78  Does it (or do they) have any policy with regards to your problems?
   0______no
   1______yes

Q--79  What is this policy?

Q--80  Is the organization active?
   0______no
   1______yes

Q--120 We would like to understand what it takes to be a businessman --- what kind of person is able to make a go of being in business. Would you tell us what it takes to run your kind of business? and/or what kind of person you have to be?

Q--81  How many years have you been a business owner?

Q--82  What is your age?

Q--83  Has anyone in your family ever owned a business? (INTERVIEWER: FIND OUT WHO; ESPECIALLY, Was his father in business?)
Q--85 Why did you decide to go into business?

Q--87 What other options did you have? and how did you feel about them in comparison?

Q--90 What were the major obstacles that you had to deal with when you first started out?

Q--91 What kinds of help did you have in the beginning? (INTERVIEWER: THIS MEANS WHAT KIND OF ASSISTANCE DID HE HAVE; e.g., did his family help him?)

Q--122 How did you get the capital necessary for starting your business?

Q--123 What amount was this? (THAT IS, HOW MUCH DID HE START OUT WITH?)

Q--124 How did you manage to get your business started?

Q--92 What kinds of training and experience have you had that has helped you in your business?

Q--89 How old were you when you first started to make money? Age_______ And what did you do to make money?

Q--93 What aspects of business are most satisfying to you? Q--95 Would you like your children to be businessmen?
Q--97 Is there any sort of help (assistance) that you need now and would like to have?

0. ____ No.

1. ____ Yes

Q--98 Please explain.

Q--99 Would you give us the names of businessmen in this area who have closed down or sold out so that we can talk to them too?

(INTERVIEWER, PLEASE GET ENOUGH INFORMATION SO THAT WE CAN FIND THESE PEOPLE.)

<table>
<thead>
<tr>
<th>BUSINESSMAN'S NAME</th>
<th>HOME ADDRESS</th>
<th>STORE NAME</th>
<th>OLD LOCATION</th>
<th>TYPE OF BUSINESS</th>
</tr>
</thead>
</table>

Q--100 What is your name?

Q--101 What is your home address?

Q--102 Telephones: Business__________ Home__________

Q--103 What is your religious and/or ethnic background? (The Anti-Defamation League is inquiring.)

____ Jewish  ____ Italian

____ Irish  ____ other (please specify__________
OPEN FIRMS

Q--115 Marital status? ________

Q--116 Number of children? ________

Q--117 Ages of children? Male__________ Female__________

(Q--119 Sex of Respondent ________)  

ORGANIZATION OF THE BUSINESS

IF HE IS NOT THE SOLE OWNER--

Q--1. continued. (If there is a partnership) how many partners are there?______

Are any of the partners relatives? If so, how many?______

Q--2 Is the business incorporated?

0. No______

If "Yes"-- ________

How many stockholders are there? INCLUDING HIMSELF)______

If any of the stockholders are relatives, how many are relatives?______

(Q--3 (INTERVIEWER, FILL THIS OUT YOURSELF) Is the business entirely family-owned; i.e., owned entirely by relatives?

1.______yes 0.______No

THANK YOU VERY MUCH