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Small Business Entrepreneurship Among  
Urban Minority Populations in Central  
America: An Assessment of Needs,  
Problems, and Training Requirements of Small  
Business Entrepreneurs in Limon, Costa Rica

A Research Proposal  
Submitted to

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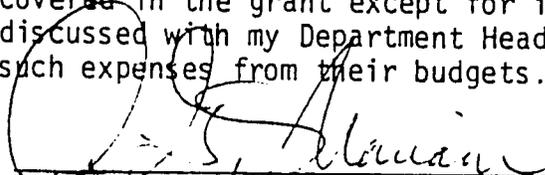
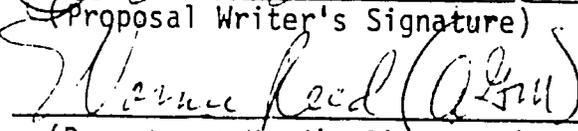
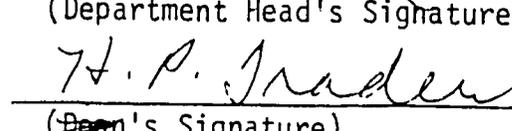
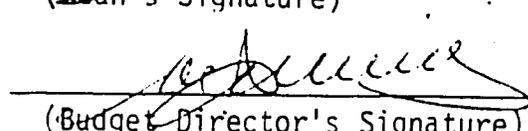
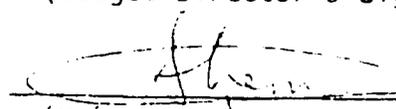
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I certify that this project has been thoroughly discussed with my Department Head and that I have not committed the Institution to expenses which are not covered in the grant except for in-kind contributions which I have thoroughly discussed with my Department Head and Dean, and they have agreed to fund such expenses from their budgets.

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Small Business Entrepreneurship Among Urban Minority Populations in  
Central America: An Assessment of the Needs, Problems and  
Training Requirements of Small Business Entrepreneur  
in Limon, Costa Rica

Introduction

The role played by small businesses in the economic life of the Western industrialized societies has been vital especially in bridging the gap between what the large corporations are unable to supply the market, in providing both economic progress to the entrepreneur and in generating employment at the local level. In the U.S., for instance, small businesses represent nearly ninety percent of all businesses.

American small businesses may be small in size and local in operation; however, some of these small businesses can be so advanced in their application of technology that they may be considered enormous when compared with the largest firms in other industries. In comparison to small business in the less developed countries (LDC), most U.S. small business concerns may appear to be large in their own right.

In both relative and absolute terms, the overwhelming majority of small businesses in the LDCs are small in size, volume of business and number of employees. Yet, small businesses in the LDCs play equally significant and vital roles by generating the disproportionate amount of national economic activity. Thus, in the absence of large manufacturing, industrial or other economic structures, small business enterprises serve as effective conduits for the production, distribution and exchange of a whole range of goods and personal services; and equally significant, they provide employment opportunities at the local level.

## Problems and Training Requirements of Small Business Enterprises: An Overview

Underlying the apparently limitless diversity in business activity between the advanced free enterprise economies of the West and those in developing societies, there remain certain commonly shared problems and needs. This is particularly true for small business entrepreneurs and small business enterprises. Thus, among other things, all businesses large and small must to some extent undertake the tasks of marketing, selling, purchasing, merchandising, and managing. Each one of these activities is also fraught with special problems and requires approaches and solutions if the business is to remain profitable and grow.

The vast majority of small businesses in the U.S. as well as elsewhere confront myriad problems. A partial listing may involve such major problems as limited capital, inadequate sales volume, bad debt losses, competitive weakness, heavy operating expenses, ineffective marketing, low personnel productivity, lack of management experience and managerial incompetence, and ineffective financial management practices. Small business entrepreneurs may also need specific skills in various areas of their business activity. These may include skills necessary in controlling costs, merchandising, advertising, personnel and financial management, inventory control as well as other skills relevant to success in the business world.

A small business enterprise to be successful and profitable must overcome many of these basic problems; and the small business entrepreneur must develop the various skills to ensure the viability of

his/her business. In overcoming these problems, the majority of small business entrepreneurs can greatly benefit from education and technical assistance. For instance, small business entrepreneurs with problems associated with shortage of working capital can benefit from training and assistance which may maximize their chances of raising funds from local banks, commercial banks, investment bankers, commercial finances, the Small Business Administration or other private small business investment companies. Entrepreneurs who have limited help and therefore perform nearly all the operational tasks of their businesses can benefit from training and assistance in how to budget their time and prioritize activities as well as in delegating responsibilities to employees. Entrepreneurs having problems in staying competitive can benefit from training and assistance in how to cut costs, increasing efficiency and improve marketing techniques. Entrepreneurs who seek to attract qualified applicants with the requisite skills and experience needed for the particular job can learn to write job descriptions, conduct recruitment, interview and hire applicants, and ultimately evaluate their performance in their job assignments. The range of training requirements of small business entrepreneurs are indeed numerous to list. What is important is the realization that knowledge of certain essential techniques of entrepreneurship and development of relevant managerial skills are central to and expansion of any small business enterprise.

In this context, two essential and vital aspects of business entrepreneurship involve financial and personnel management. Knowledge and proficiency in these two areas of management is immensely important

to the small business entrepreneur. Often small business entrepreneurs aim to earn increasing profits and grow on limited investments and capital. Their success more often than not depends upon upon their skills as financial 'planners' and managers.

In small business enterprises, financial information is more vital and urgently required than perhaps even larger businesses. In view of such endemic small business problems as inadequate working capital, cash shortfalls, and the constant threat of business failure, it is essential that the entrepreneur be able to develop basic financial management skills necessary for the survival and expansion of his/her firm. Such skills need not involve training and knowledge of sophisticated financial tools and techniques; but rather an understanding and application of basic financial management tools such as the balance sheet, the profit and loss statement, cash flow projections, and other simple but useful tools.

Financial management skills can easily be developed in a training program designed for such purposes. By properly applying financial management techniques, the small business entrepreneur can carefully monitor the activity of the firm, avoid major problems and insure growth and increasing profits.

The importance of using financial management tools in the operation of small business enterprises may be seen in terms of their usefulness and everyday application. For instance, the balance sheet can inform the entrepreneur as to the financial condition of his/her firm at the end of business on a specific day. It can be a valuable management tool in establishing total asset balance, total liabilities plus net

worth. Profit and loss statements indicate the success or failure of the firm's business activity and are useful tools to determine profitability. Simple cash flow projections can be useful in documenting expected cash requirements and cash resources for payroll and other needs without waiting until the last minute.

Similarly, personnel management skills are essential to the small business entrepreneur since effective use of employees in various aspects of the business determines the profitability and growth of the firm. The small business entrepreneur must be able to recruit the right employees, provide adequate training, monitor employee performance, make changes and adjustments in the size of the work force as well as provide efficient management in other aspects of employee activity.

#### Special Problems of Minority Small Business Entrepreneurs

Minority small business entrepreneurs have historically been affected by a wide range of social and economic factors. Some of these major problems have included such factors as inadequate levels of individual or family income or access to other forms of capital, lack of appropriate occupational training especially in business related fields as well as general educational training.

These problems have largely handicapped minorities from becoming business owners and entrepreneurs. The broader implications of these problems to minority entrepreneurs are significant. The prospects for increased minority business entrepreneurship and business expansion are affected by limited sources of capital and credit. Secondly, the types of entrepreneurships which minorities can pursue are also likely to be limited by their limited access

to business capital. This is further compounded by inadequate occupational training particularly in terms of managerial and administrative skills which are essential in operating a small business.

Most importantly these problems have even graver implications among practicing minority small business entrepreneurs. With limited funds and resources, these entrepreneurs must make critical choices and business decisions which if made incorrectly could prove to be costly and even fatal to the business. Thus, the minority small business entrepreneur must be skilled in managing the finances of the business and manpower resources available within the firm to insure profitability and growth. Specifically, the minority entrepreneur must be able to overcome financial problems by understanding the process involved in securing business loans and credits, maintaining tight control over inventory, developing an operating budget as well as by establishing an efficient record keeping system. Similarly, in the area of personnel management, the entrepreneur must develop skills and procedures useful in attracting and hiring the right employees, motivating employees, training new recruits and old ones for additional or modified responsibilities and duties, improving worker productivity, employee communications as well as other critical areas of manpower management.

#### Project Objectives

This project aims to undertake an assessment of the needs, problems and training requirements of minority small business entrepreneurs in Limon, Costa Rica. Specifically, the proposed projects aims to accomplish the following interrelated tasks:

1. identify specific problems and issues related to financial and personnel management;
2. identify existing and anticipated needs in the financial and personnel management requirements of these minority entrepreneurs;
3. identify and prioritize specific training requirements and activities which may be instrumental in overcoming specific financial and personnel management problems of these entrepreneurs;
4. identify available and potential sources of training for improved managerial skills; and
5. provide a set of recommendations for corrective and remedial policy actions.

Small Business Entrepreneurship and Economic Conditions in Costa Rica:  
An Overview

Costa Rica represents a unique socioeconomic tradition in Central America. Politically, it has enjoyed a long tradition of democracy and stability. Economically, it has one of the highest gross domestic product per capita in the region. Educationally, it enjoys the highest percentage of literacy among its sister Central American nations. Demographically, it has a highly homogenous population of which 97 percent are of European (Spanish) ancestry with a small concentration (2%) of Costarricenses of African ancestry.

The largest concentration of the Costa Rican population resides in the Valle Central. The majority of this population is of Spanish descent, and the other ethnic groups are absorbed in the general European population. The other major concentration of the Costa Rican population may be found in the Pacific northwest - a region often called the "brown" province. Costarricenses of African ancestry tend to be concentrated in the eastern part of the country--the Caribbean lowlands.

Small business enterprises in Costa Rica play a vital role in national economic activity both by generating employment at the local level as well as by contributing to the national capital accumulation process and increasing the gross domestic product (GDP). Small business enterprises also dominate nearly every aspect of economic activity including manufacturing, light industry, and myriad personal services. Although there is some variation in relative size between and among small business enterprises (e.g., a brewery vs. a grocery), in terms of output, business volume and number of employees, etc., most small businesses in Costa Rica are small-scale operations.

Small business enterprises represent the overwhelming concentration of economic activity in the country and account for the major portion of the nation's GDP. Thus, for instance, industrial activity dominated by small business employs slightly less than one-quarter of the labor force and contributes 27 percent of the GDP.

A disproportionate share of industrial activity in Costa Rica is concentrated in Maseta Central where over 80 percent of the manufacturing firms are located. These establishments are generally small in size. For instance, in 1978 there were 2,780 manufacturing and industrial plants in Costa Rica; only 140 of these establishments reported annual production of more than 1 million colones. Moreover, there were only 80 establishments reporting more than 50 employees and exactly one-half of these were corporations.

The focal area of small business activity in Costa Rica is in food processing including beverages which accounts for 42 percent of all industrial production. Textiles and clothing account for 12 percent;

machinery and transport 6 percent and chemicals 10 percent. The largest share of foreign investments in Costa Rica is held by U.S. firms and tend to be concentrated in agriculture, petroleum refining, utilities, cement and fertilizers.

In 1980, the economically active population in Costa Rica reached 719,710 with an average growth factor for the preceding decade of 3.6 percent. Employment in Costa Rica varies seasonally rising at the time of coffee harvest; and beginning in November each year, up to 500,000 persons, including farm workers and urban dwellers work in agriculture for two months.

Nearly one-fifth of the labor force in Costa Rica is self-employed, while 73 percent are wage and salary earners, and 3 percent are employers. The Costa Rican labor force is characterized by high educational level, particularly a high percentage of professional and skilled personnel. Less than 13 percent of the employed are without schooling.

Urban minorities in Costa Rica lag behind the majority population in their access to and participation in the labor market and overall economic activity. This is evident in the area of small business ownership, management, and operation. Due to problems associated with finances, capital formation, managerial skills and competence, and training and education, urban minority populations have not been able to readily participate in national economic activity; and as a result they continue to occupy relatively disadvantaged positions in Costa Rican society.

#### Limon

Limon, situated in the eastern Caribbean lowlands is the third major urban center in Costa Rica. It has a population of 30,208, the

vast majority of whom are of African ancestry and whose predecessors immigrated from the West Indies (mainly Jamaica) to Costa Rica to build railroads and raise bananas. This population is generally bilingual using both Spanish and Jamaican-style English.

One of the three major ports in Costa Rica is located in Limon. The port was founded in the early 1870s and served as a key shipping point for much of Costa Rica's banana exports. The harbors are deep enough to accommodate even ocean-going vessels which can berth at well protected wharves. Presently, the port in Limon serves as a general cargo port due to its position to markets in the U.S. and Europe.

Limon is somewhat isolated from the Maesta Central by lack of roads and limited transportation. Few roads have been built in the area because of problems resulting from heavy rains which often wash out roads. Moreover, construction of new roads has been hampered because of economic, technical and maintenance problems. Consequently, rail transportation provides the major link between the Limon and the Caribbean lowlands and the capital. The hot and humid climate which predominates the Caribbean lowlands and the prevalence of tropical rain forests have not made new settlements in Limon particularly attractive. Presently, Limon and surrounding environs are densely populated mainly by black Costarricenses who thrive in this port city.

#### Minority Small Business Entrepreneurs

Minority small business entrepreneurs in the context of the proposed project specifically include black businessmen and businesswomen who

are owners or owner/managers of small business firms and enterprises. In nearly all of the Central American countries there exist small enclaves of black people who are descendants of immigrants who originally came to Central America as part of a production labor force in the second half of the Nineteenth Century or as runaway African slaves in the early Eighteenth Century. For instance, in Costa Rica, two percent of the population is black, concentrated mainly in the Limon region. In Guatamala, there are the Black Caribs or Morenos who have widely intermarried with Carib Indians. Moreover, there are also decendants of black immigrant workers brought from the English colonies to work on the banana plantations in Guatamala. Similarly, in Panama there are Antillean blacks who are descendants of immigrant laborers brought from the various Caribbean islands to work on the Panama Canal project. They are largely concentrated in Panama city, Colon and Puerto Armulle in Chiriqui province.

The economic status of black minority populations in the Central American countries varies. For a variety of reasons including historical factors as well as current economic conditions, the participation of black minority populations in the mainstream of economic life and activity has been limited. These minorities tend to be underrepresented in key economic sectors and concentrated in traditional occupations with limited prospects for economic mobility. On the other hand, there also exist small enclaves of black small businessmen and women who are engaged in diverse business activities ranging from ownership and management of shops and stores to progressivley higher levels of business operation.

## Research Foci

Small business ventures, particularly those which are minority owned and managed confront diverse problems and issues in their operation. These problems vary in gravity and may involve factors ranging from production to marketing goods and services. The proposed project does not aim to address these diverse problems and issues although their importance and relevance cannot be doubted. Rather the focus in this project is limited to the assessment of the problems, needs and training requirements of minority small business entrepreneurs in Limon in two areas: 1) financial management and 2) personnel management.

### I. Financial Management

Financial management in small businesses, particularly minority small businesses in the LDC, is often conducted in an informal and haphazard manner. Generally, financial plans often remain in the mind of the owner-manager or a few of his/her top associates. Few financial reports are prepared at regular intervals and compared with business performance during a preceding period(s). The minority entrepreneur is often prone to making financial decisions on the basis of intuitive foresight and hunches rather than utilizing accurate and up-to-date financial information for decision-making. Consequently, there is generally little systematic financial planning for future operations, limited control over the actions and activities of employees.

In terms of financial management, minority entrepreneurs have a greater need for understanding and utilizing financial tools necessary for the successful operation and expansion of the firm. Alternatively, if the minority entrepreneur is personally unable to prepare the required

financial planning tools and manage financial transactions, it may be necessary to train or acquire such assistance from a bookkeeper or accountant, but in any case, systematic financial management is essential to the survival of the business.

The minority entrepreneur should be able to understand and interpret various types of financial statements to know what is going on in the business and to use that information to make more effective financial decisions. The most rudimentary knowledge of financial management can enable the entrepreneur to recognize weaknesses in the use of scarce financial resources as well as in quickly identifying financial problem areas in the operation of the firm.

Basic training in financial management can provide the minority entrepreneur with simple tools to monitor the financial health of the enterprise with daily, weekly, monthly, and quarterly reports. Such reports properly accomplished can provide early indication of problems within the firm. Ultimately, the time and effort invested in acquiring and developing financial management skills will maximize the chances of increased profits for the business. Moreover, by utilizing key financial management tools, the entrepreneur gains a full and accurate understanding of the firm's daily cash requirements as well as accounts receivable and inventory. Thus, the importance of developing these skills for small business operation cannot be overstated.

In the area of financial management, there are a number of salient problems and issue areas that can be fully examined. These include record keeping procedures and practices, budgeting, securing loans and business financing, customer credit, inventory control, trade credit, bank statement reconciliation and petty cash funds.

## Record Keeping

Records are an important part of any business. This is particularly true of financial records. An accurate financial record keeping system is essential to the survival and success of a small business enterprise. Good record keeping practices also increase the likelihood of earning large profits. A carefully maintained record keeping system can provide vital information to the entrepreneur in such critical areas as sales declines or sales of unprofitable items, slow collections, and rising expenses. Records and record keeping practices need not be complex, expensive or time consuming. A record keeping system can be designed in simple terms relative to the size of the firm requiring it. In this regard, several issues will be explored with respect to the minority entrepreneur.

- o To what extent are records, particularly financial records, utilized in the operation of the firm?
- o To what extent does the entrepreneur employ basic bookkeeping and accounting systems in recording and monitoring financial activity in the business?
- o How are original documents (e.g., sales slips, receiving records, invoices, checks) collected, recorded and verified?
- o Are journals (e.g., sales journal, purchase journal, cash book) prepared showing chronological transactions? Debits and credits?
- o Are ledgers (e.g., accounts for each asset, liability, income, expense and capital item) prepared for each aspect of business activity?
- o What are the entrepreneur's specific needs and problems in setting up and/or operating a financial record keeping system?

## Budgeting

Minority small business entrepreneurs often forgo the preparation of carefully planned budgets for their firms. Budgets are not considered

to be particularly necessary or essential. On the contrary, budgets are a most useful tool for the planning and control of the firm's operation. By developing simple budgets, the minority business entrepreneur can think through the state of his/her business, a particular course of action and make critical decisions affecting the current status and future prospects of the firm. Most importantly, preparation of even the simplest budget has a fundamental coordinative effect in the operation of the minority firm. The budget process brings about order and organization in the firm's activities, enables employees to work towards the same goals and clearly show the owner/manager as to whether or not the firm is profitable. In this regard, several issues will be explored.

- o Does the minority entrepreneur prepare a budget in the operation of the firm?
- o How does the entrepreneur make financial plans for the firm?
- o How does the entrepreneur factor various expenses (e.g., rent, wages, taxes) in the operation of the firm?
- o How are cash shortfalls met?
- o How does the entrepreneur determine the adequacy of cash levels to meet current expenses as they come due?
- o How does the entrepreneur project peak cash needs?
- o How does the entrepreneur determine borrowing needs to meet short-term cash shortfalls?
- o What are the basic problems and needs of the entrepreneur in setting up and/or operating a budgeting system?

#### Securing Loans and Business Financing

Bank loans and other business financing are essential to the survivability, growth and expansion of all small business enterprises. Success in acquiring loans and other financing depends upon properly

prepared and documented financial statements. Bankers and other credit agencies need to examine the entrepreneurs balance sheet and income statement in order to decide whether credit should be extended. Access to bank loans and financing is a particularly difficult problem for minority entrepreneurs and in the absence of appropriate documents the chances of securing a loan prove to be highly remote. On the other hand, the minority entrepreneur should skilfully demonstrate the purpose for the loan as well as the solvency, profitability and growth potential of his/her firm if the financing is to be secured. All lending institutions (private and public) in the developed as well as developing societies equally require detailed documentation and information before making a loan or extending credit. In this regard, the following issues will be explored:

- o Has the minority entrepreneur sought to obtain bank financing for any aspect of business development?
- o Does the entrepreneur understand the various requirements for obtaining a loan?
- o If the entrepreneur is currently seeking bank loans, are the books and records up-to-date and in good condition?
- o What is the status of accounts payable in the firm?
- o What are the defined purposes of the loan?
- o Does the entrepreneur know of the diversity in the types of loans available? Length of financing?
- o What collateral does the entrepreneur provide for the loans sought?
- o Does the entrepreneur know and understand the lender's rules?
- o What are the problems and needs of the entrepreneur in terms of qualifying for bank loans and other financing?

## Customer Credit

Extending credit to customers in the purchase or sale of goods is an important aspect of any small business enterprise. Credit to customers can help build a firm in many ways. However, there are many risks which are associated with customer credit and need to be considered by the minority entrepreneur before adopting a credit policy. Most importantly, there are a number of things the minority entrepreneur must know and understand prior to making customer credit available. The minority entrepreneur should be prepared to undertake both tasks of extending credit and collection management. In terms of customer credit, we shall explore the following issues:

- o What are the credit terms of the firm?
- o How do customers qualify for credit?
- o Are there maximum credit limits?
- o What types of records are maintained?
- o What is the collection program?
- o What types of credit accounts are available?
- o Is the amount of accounts receivable reasonable to the amount of sales?
- o How rapidly are accounts receivable being collected?
- o What actions are taken to speed collections where needed?
- o Has a large enough reserve been set up to cover doubtful accounts?
- o What are the losses from credit sales?
- o Should credit be continued to delinquent accounts?
- o What are the minority entrepreneur's problems and needs in setting up and/or operating a customer credit system?

## Inventory Control

In many small firms, invested funds are tied up in inventories. In some businesses, e.g. supermarkets, there is a large investment in inventory, whereas there is little or no inventory tied up in laundromats or barbershops. For the minority entrepreneur operating tight inventory controls without losing too many sales is very important, since the resulting extra capital can be used for other purposes. On the other hand, lack of inventory control is likely to have serious consequences on the profitability of the business. Without tight control over inventories, the entrepreneur is less likely to know if the investment in inventories is excessive, if there are losses such as spoilage and pilferage, or what the rate of inventory turnover is. Through the use of an inventory control system, the proper goods in the right quantities can be made available for sale. Thus, a good inventory control system could mean the difference between profit and loss. In this regard, the following issues will be explored.

- o Is the level of inventory maintained by the minority entrepreneur commensurate with sales and the operating characteristics of the firm?
- o What is the rate of inventory turnover?
- o What items are slow moving?
- o Are sales lost due to inadequate inventory?
- o What actions are taken to increase or decrease inventory?
- o How much merchandise is taken out of the store for personal or family use?
- o What controls are operative for tight inventory control?
- o What are the specific problems and needs of minority entrepreneurs in terms of setting up and/or operating an efficient inventory system?

### Trade Credit

Trade credit (i.e. supply of goods for inventory or specified terms) can be an important source of funds for the small business entrepreneur. Represented as accounts receivable by the seller and as accounts payable by the buyer, trade credit can be considered a loan equivalent to the value of the goods. Obtaining trade credits can have important advantages which allow the small firm to base the goods, sell as many as possible, and still retain cash for operating expenses. On the other hand, delinquency in trade credit is commonly reported to central credit agencies and could have an impact on a firm's credit standing. In this regard, the following issues will be explored.

- o Does the minority entrepreneur seek to obtain trade credit from suppliers?
- o What are the costs of obtaining trade credit to the entrepreneur?
- o What are the various terms of obtaining trade credit?
- o How does the minority entrepreneur determine advantageous trade credit as opposed to costly ones?
- o What are the minority entrepreneur's problems and needs in obtaining trade credit?

### Bank Statement Reconciliation

Reconciliation of bank statement with internal records is vital to the operation of the firm. The minority entrepreneur should be aware of every transaction reported in the bank statement isolating those entries which cannot be reconciled with internal records as well as outstanding checks, questionable bank charges, and other adjustments. Deposits that do not appear on the statement should be vigorously pursued, traced and verified. In this regard, we shall explore the following issues.

- o Are bank statements regularly reconciled with internal records?
- o Are outstanding checks promptly identified and verified?
- o Are bank charges and other adjustments carefully monitored?
- o Are checks not cleared for insufficient funds systematically traced?
- o What are the minority entrepreneur's problems and needs in setting up or operating a bank statement reconciliation procedure?

### Petty Cash Fund

Most small businesses incur small costs every day, which are not covered by invoices. This may involve payment for the transportation of small freight, cab or bus fares for employees in the firm's business or otherwise minor expenses which cannot be readily covered through the regular invoice and disbursement process. Where petty cash funds are not set up, entrepreneurs or even employees pay the necessary costs which in the latter case is recovered at some future point. On the other hand, lack of ready cash could delay or complicate receipt of essential materials or services for the firm. Moreover, such funds avoid unnecessary withdrawals from the cash register whenever needed. To avoid such problems, minority entrepreneurs can set up a small fund for just such purposes. When payments are made, the items are listed on a sheet of paper and properly reconciled as the fund is exhausted. In this regard, the following issues will be explored.

- o Is there a set petty cash fund?
- o How are small payments not covered by invoices (e.g. postage, freight, cab and bus fares) handled?
- o Are petty cash fund expenses reconciled with disbursement slips?
- o What are the entrepreneur's problems and needs in setting up and/or operating a petty cash fund?

## II. Personnel Management

Personnel management is another equally critical area which often determines the viability, survivability and growth of a given small business enterprise. It is also one important area for which small business entrepreneurs can receive training and assistance to develop and sharpen their managerial skills.

Personnel management is fundamentally concerned with the effective use and allocation of manpower resources within a given firm. It involves a wide range of tasks and activities and includes such factors as anticipating future manpower requirements to meet the firm's needs, defining employee responsibilities, recruitment and hiring, classifying jobs and preparing wage scales, employee supervision, employee training and motivation, development of work regulations, dealing with disciplinary problems, delegation of authority, conducting employee performance evaluation and making appropriate adjustments and even negotiating with labor unions and other worker representatives when necessary.

Personnel management skills are essential to the minority entrepreneur who must make efficient use of manpower resources to remain profitable and competitive. This is particularly important to the minority entrepreneur because inability to efficiently manage the skills and work time of employees could result in an unnecessary waste and duplication effort. The minority entrepreneur by lacking personnel management skills juggles between tasks even though there may be employees who can perform those tasks with a minimum of direction and

instruction thereby releasing the entrepreneur to plan and work on major problems facing the firm.

Minority small business entrepreneurs often have problems in developing and using simple personnel management systems and procedures which could enable them to make effective use of their employees' time as well as their own. The absence of a personnel management system often results in wasted time by employees (through lack of supervision or lack of proper training to do the job), low employee productivity as well as lack of information on employee performance (which may in turn result in unfair pressure on the employee) problems of completing tasks and projects on time, unrest and reduced efficiency among employees; and ultimately, the entrepreneur may be so entangled in every detail of the business that he/she may not have time to spend with their families (perhaps leading to other problems).

On the other hand, the minority entrepreneur by acquiring basic managerial skills can attract and retain qualified employees, save money by avoiding unnecessary payment of overtime by organizing employees' work, improve productivity and delegate authority so that he/she may concentrate on major problems of the firm.

Our examination of the personnel management and needs of the minority small business entrepreneur shall include the following substantive areas: recruitment and hiring of qualified employees, training of employees, employee motivation, job classification, improving employee productivity and performance, determination of manpower requirements, work regulation and employee discipline, employee

communications, employee performance evaluation and employee safety and adequate working conditions.

### Recruitment and Hiring of Qualified Employees

Recruitment and hiring of qualified employees is vital to the performance of the minority small business enterprise. This is particularly important since minority small enterprises are likely to have relatively fewer numbers of employees. As the right hiring decision can be a source of profit to the business, a mistake may also prove to be costly not only in lost productivity and revenue but also in the loss of the entrepreneur's time in making up for the slack created by the incompetence or inability of the employee, wasted time, materials and even valuable customers. Thus in recruiting and hiring employees, the minority entrepreneur needs to be particularly careful and systematic. In this regard, we shall explore the following issues with the minority entrepreneurs

- o Does the entrepreneur have a job analysis for the vacancy or position to be filled?
- o What sources of potential employees does the entrepreneur utilize?
- o Does the entrepreneur place special conditions to attract particularly qualified applicants?
- o How does the entrepreneur determine qualification for job suitability?
- o Are applicants interviewed? By whom?
- o Are applicants required to provide references? Are references investigated?

- o Are employees required to take a test?
- o What are the particular recruitment and hiring problems and needs of the minority entrepreneurs?

### Training of Employees

Employee training is a critical component of productivity and job performance. Lack of proper employee training and use of efficient training methods could prove to be very costly to the minority entrepreneur. For new recruits appropriate training and orientation is essential in helping them perform their duties effectively and efficiently. Employees with service in the firm can undergo training to develop new skills and knowledge for increased responsibilities. Even in the smallest minority firms employees can undergo training to undertake specific job duties, new responsibilities or just to improve their productivity in their job activities. In terms of employee training, the following issue areas will be explored.

- o Are new recruits given basic training or orientation in their assignments?
- o Are employees trained to perform their tasks efficiently?
- o Does the entrepreneur aim to increase the competence of his/her employees? How?
- o Is each employee given adequate training?
- o Are advance training opportunities available for employees to assume major responsibilities?
- o Does the minority entrepreneur assist employees to improve their skills (e.g. assist in defraying costs for evening classes)?

Are the right employees given the right training?

Are employees allowed to volunteer for training?

What is the length of a training program?

What are the particular training problems and needs of the minority entrepreneur?

### Employee Motivation

Positive motivation of employees is critical to employee productivity and performance. The level of employee motivation directly influences the level and quality of job performance as well as employee attitude towards the tasks and assignments and overall responsibility in the work place. Positive incentives and rewards at the appropriate time can increase employee performance and output considerably. Alternatively, an employee who lacks proper motivation may experience frustration and a sense of failure on the job thereby adversely affecting not only productivity but also undermining the morale of co-workers and even creating tension in the work place. Minority entrepreneurs can greatly benefit by motivating their employees. In terms of employee motivation, the following issues will be explored.

Does the minority entrepreneur seek to consciously motivate his/her employees?

What means and methods are used to motivate employees?

Are positive rewards (no matter how small e.g. employee appreciation dinners) purposely used to motivate workers?

Does the entrepreneur relate to his/her employees in a professional manner?

- o Are employees encouraged to feel they are an integral part of the firm?
- o What are the particular needs and problems of the minority entrepreneur in motivating his/her employees?

#### Improving Employee Productivity and Performance

Employee performance and productivity in a given business may be affected by various factors. Some employees, for instance, may not perform satisfactorily because of low levels of compensation, limited benefits and poor working conditions. In other circumstances, employee productivity and performance may be affected by the absence of opportunity to develop, lack of recognition for their accomplishments in their jobs or even for want of responsibility. In minority small business enterprises, employee productivity and performance may be affected by those and other conditions including training and special job skills. In this regard, we shall focus on the following substantive issues.

- o Does the minority entrepreneur purposely seek to improve the output of his employees?
- o How does the entrepreneur seek to improve the performance of his/her employees in their present tasks?
- o How does the entrepreneur coordinate duties and responsibility to improve employee performance?
- o Are there attitudes that need improvement or modification to improve performance and productivity?
- o Are there additional costs involved in improving employee productivity?
- o Are records maintained to monitor employee performance?

- o What are the specific needs and problems of the minority entrepreneur in improving the productivity and performance of his employees?

#### Determination of Manpower Requirements

The minority entrepreneur should be able to constantly appraise his/her manpower requirements. This may involve the acquisition of new help for business expansion, reduction in force during periods of slow business or utilizing part-time help until conditions permit for new employees. On the other hand, the entrepreneur may opt to consolidate existing positions or reallocate responsibilities and duties based upon the firms objective needs. In this regard, the following issues will be explored.

- o How does the minority entrepreneur determine his/her manpower requirements?
- o Are there enough employees to handle present business requirements?
- o Can modifications in duties be made to reduce labor costs while increasing productivity and efficiency?
- o Is the entrepreneur aware of what each employee does and is expected to do?
- o Does the entrepreneur make use of specialists (e.g. consultants) to determine manpower needs?
- o What are minimum skills levels required by employees?
- o What are the specific needs and problems of the minority entrepreneur in determining his/her manpower requirements?

### Employee Communications

Free and unobstructed communication between employer and employees and among employees is essential to the survivability and growth of both large and small business enterprises. The need for communication in the context of small businesses is even more acute in small businesses since there is high levels of interaction between employees and the owner-manager. Instructions and directives are often given on the spot which may be revised or changed within a short period. This may create confusion in the activities of employees. On the other hand, employees may need to communicate special problems and need to the owner-manager or even make suggestions and changes which will enhance their job performance. For all these needs free access and communication to the owner/manager is required. In terms of employee communication the following issues will be explored.

- o Does the minority entrepreneur allow open communication and and open access to employees?
- o Are employees encouraged to make suggestions?
- o Can employees bring up work-related or other problems to discuss with their employer?
- o Are employees allowed/encouraged to openly interact with each other?
- o Is there excessive supervision which may stifle employer-employee communication?
- o Does the entrepreneur deal honestly with his employees?
- o Does the entrepreneur invite employees to his/her home for special occasions?

- o What are specific problems and needs in the relationship between the entrepreneur and his employees and among employees?

### Employee Performance Evaluation

Employees should be periodically evaluated to determine their performance within the firm and to make appropriate adjustments as needed. In the context of small businesses this is particularly important since a single employee could have a major influence on the level and quality of output. The minority entrepreneur should be in a position to purposively evaluate the performance of his/her employees and provide appropriate feedback. Such an evaluation could enable the entrepreneur determine various things about the role of the employee in the firm including salary adjustments, training needs and efficient use of the employee's skills. In this regard, we shall examine the following substantive issues.

- o How is the performance of employees evaluated?
- o What factors are considered in evaluating the performance of employees?
- o Do job performance evaluations result in salary adjustments, promotions, further training or other punitive measures?
- o Are objective measures used in evaluation?
- o Can employees question employer's evaluation?
- o What does the entrepreneur do with performance evaluations?
- o What are the specific needs and problems of the minority entrepreneur in setting up and/or operating an employee evaluation procedure?

### Work Regulations and Employee Discipline

The need for work regulations and procedures for employee discipline is obvious in both large and small businesses. For the small firms, work regulations and procedures for employee discipline can be set in a statement consisting of one or two typed pages. Minority entrepreneurs can greatly benefit from a statement which clearly specifies hours of work, time recordkeeping, paid holidays, vacation, department and dress codes, wage payment system, overtime pay, severance pay, benefit plans(if any) as well as other specific rules on the performance of duties and responsibilities. In this regard, the following issues will be explored.

- o How are employer-employee conflicts handled?
- o Is there a procedure to handle employee grievances?
- o Do employees have a right to demand review or seek third party arbitration?
- o Is there a written policy on employee termination? Severance pay? Summary discharge?
- o How does the entrepreneur handle employee infractions?
- o Are work rule violations recorded and maintained?
- o Are formal warnings of rules violations given to employees?
- o What are the specific needs and problems of the minority entrepreneur in setting up and/or applying work regulations and employee discipline?

### Employee Safety and Adequate Working Conditions

Insuring employee safety on the job and providing adequate working conditions is a major responsibility of the business entrepreneur.

Disregard for employee safety could potentially prove to be costly and even devastating to the minority entrepreneur if large legal bills are incurred or if large monetary awards are made. Thus, the entrepreneur can avoid potentially dangerous consequences and liabilities by insuring that there are no fire, electrical or other structural hazards on the business premises, or by not allowing the use and operation of vehicles and other machines, tools and other implements with suspected or known defects. For such purposes the employer can establish some basic and simple safety rules and simple safety inspections for the prevention and elimination of hazards. In this regard, the following issues will be explored.

- o Are working conditions adequate for employees?
- o Are there potential safety hazards on the business premises (e.g. faulty electrical outlets)?
- o Is there a program of safety inspection?
- o Do employees operate equipment, tools or other devices which are not regularly inspected for safety?
- o Are first aid kits maintained on the premises?
- o Does the entrepreneur have insurance or other methods of compensation for employees injured on the work site?
- o Are there specific work safety rules? How well are these rules enforced?
- o What are the specific needs and problems of the minority entrepreneur in setting up and operating a safety program on the work site?

### Research Methodology: Case Studies and Focus Groups

The proposed methodology for this project shall consist of a combination of individual entrepreneur case studies and focus group discussions of small cohorts of business entrepreneurs. Both approaches are particularly suited for the proposed research and facilitate examination and analysis of specific problems, needs and issues involved in financial and personnel management among minority entrepreneurs. Moreover, the proposed methodological approaches enable participating entrepreneurs to articulate and expand in detail their specific training needs to improve and enhance their managerial skills in financial and personnel administration.

#### Case Studies

During the first phase of data collection in this study we propose to perform a series of entrepreneur case studies to collect detailed individual level data from each sample participant. (See below for sampling procedure). The case study approach is especially suited for the tasks set in this project. First, it enables us to fully explore entrepreneur needs and problems in a dynamic and interactive context. Respondents will have the opportunity to discuss in detail their individual problems and needs with respect to financial and personnel management and even suggest as to how they perceive their problems can be overcome and their needs met. Secondly, the case study approach will enable the participating entrepreneurs to prioritize individual needs and problems. This is particularly important in gaining a clear understanding of the range and salience of problems and needs experienced by the individual entrepreneur and in designing appropriate training programs to meet entrepreneur needs. Thirdly, the results

of the individual case studies will serve to identify and establish the range of major problems and needs experienced in particular small business types.

The individual entrepreneur case studies will be performed using an interview protocol (See Appendix A for Sample Case Study Protocol). The final sample protocol to be developed will be based upon the series of questions posed in the various problem and needs areas identified in the foregoing section of this proposal. The protocol will be designed to enable maximum respondent input and followup questioning. Each case is expected to take between ninety minutes and two hours.

#### Focus Group Discussions

Focus group discussions shall be employed to complement the individual case studies. Focus group discussions are particularly appropriate to the intensive data collection tasks of this project. (See Appendix B for Sample Protocol for Focus Groups). First, the focus group approach enables small cohorts of entrepreneurs to interact and discuss specific problems and needs in a group context. This is particularly advantageous, since focus group discussions provide the opportunity for individual entrepreneurs to articulate and share their needs and problems with other entrepreneurs. Secondly, focus group discussions are particularly useful in eliciting consensus among participants on problems, needs and issues which are salient and significant to particular types of minority small business entrepreneurs. Thirdly, focus group discussions provide a basis for the articulation of problems and needs which are representative of group needs and problems in specific occupational and business categories. This is particularly important in terms of training programs which may be made available to minority entrepreneurs to meet specific needs and overcome specific problems.

Focus group participants will be selected from participants in the individual case studies. Seven cohorts of approximately seven individuals each will be organized for focus group discussions. Focus group cohorts will be organized to insure diversity in business composition to foster articulation over a wide range of problems and issues.

Focus group discussions will be conducted for approximately two to three hours each. An effort will be made to arrange for the audio recording of focus group discussions for all cohorts; or otherwise extensive notes will be taken by focus group facilitators.

Minority Small Business Enterprises and Entrepreneurs:  
Definition and Criteria for Selection

The term minority small business entrepreneurship in the proposed study refers to any small business venture in which the entrepreneur is a minority (as defined earlier) and directly owns, manages, and operates the enterprise and ultimately keeps the rewards or suffers the losses of their risk-taking. Furthermore, the minority business venture must be self-initiated, largely self-financed and owner-managed and operated.

In selecting the minority small businesses enterprises for inclusion in our study, we shall employ the following five criteria:

- a) management of the minority small business enterprise must be independent with ownership control held by the managers/operators;
- b) the capital used in the business must be supplied by an individual or a small group;
- c) the business concern must serve essentially a local market;
- d) the owners and employees of the business must reside within the immediate locality of the business; and
- e) the business concern must be small in its field of operation in terms of sales, number of employees, volume of business activity, etc.

The definition and criteria established for the proposed study will allow us to select and include diverse small business operations owned/managed and operated by minority entrepreneurs. A partial listing includes minority owned and operated groceries and supermarkets, restaurants, bakeries, family operated farms, drug stores, garages, machine shops, hardware stores, liquor stores, gas stations, clothing and shoe stores, tailoring shops, furniture stores, laundries, printing shops, local cinema and theatre houses, school and business supplies stores, novelty shops, leather goods shops, houseware stores, produce stores, electronic stores, television, radio, watch, etc. repair shops, arts and crafts stores, bedding supplies stores, candy and confection stores, typing and copying services, taxi and minibus service, auto and truck rentals, auto sales, auto parts stores, book stores, local motels/hotels, subcontracting and merchandising. (See Appendix C for a full listing of prospective small businesses which may be owned, managed and operated by minority entrepreneurs.)

### Sampling

A sample of approximately fifty minority small business entrepreneurs in Limon, Costa Rica will be randomly selected and included in the proposed project. The identification of this sample of minority entrepreneurs shall be accomplished by utilizing available resources in Limon, as well as San Jose. Specifically, we propose to utilize any available (small) business listing from the local chamber of commerce or similar institution, small business organizations, trade unions and other governmental sources (e.g., licensing bureaus.) All available listings will be carefully examined and arranged so that

maximum representation of diverse types of small businesses can be insured. (See Appendix C).

Following a preliminary analysis of the distribution of small business enterprises in Limon, we shall proceed to identify and clarify specific minority enterprises for potential participation in the project. The classification of minority small businesses following our preliminary analysis shall aim to insure an optimum mix of the following categories of business entrepreneurs and entrepreneurships:

- o representative small business from the following sectors: construction, manufacturing, transportation, farm services, service industries, sales, etc.
- o minority women owned/managed enterprises;
- o enterprises with fewer than seven employees and over seven employees;
- o enterprises with an operational history of up to two years and those over two years;
- o profitable and less profitable enterprises

#### Data Analysis

Data analysis tasks in the proposed project will proceed at several levels. First, a case summary for each participating entrepreneur will be prepared. This task shall consist of basic descriptive analysis of entrepreneurs' responses to the interview protocol. The response of each participant will be discussed in an integrated presentation.

Following a descriptive analysis of each case study, we shall perform a descriptive analysis of entrepreneur needs, problems and issues within the various categories of small business entrepreneurships identified above. This should be useful in identifying specific entrepreneur problems and needs within particular categories of small businesses. The case studies will also be aggregated using a basic

typology (e.g., construction business which may serve to aggregate cognate enterprises including building material supplies stores, lumber yards, cement products sales, construction equipment rentals) and analysed in terms of sectoral needs, problems and concerns. Comparative analysis of the various classifications of entrepreneurships will further be undertaken to investigate and determine differences and similarities in the needs and problems of small business entrepreneurs.

Analysis of the data collected during the focus group discussions will follow the foregoing analysis. First, results of each cohort focus group will be analysed separately and summarized. Assessment of intra-cohort differences and agreements in the identification of problems, issues, needs and concerns as well as in perceptions of remedial strategies will further be made. We shall then examine the consensual positions of each cohort group on specific needs, problems and issues. This may include, among other things, such factors as entrepreneurs' priorities in terms of particular training needs, methods and approaches which could sufficiently and expeditiously address their problems as well as in identifying short-term and long-range activities which could enhance entrepreneur managerial skills. Inter-cohort analysis across the various cohort groups will further be undertaken to assess the level and strength of entrepreneur consensus over specific problems, issues and training needs.

Finally, we shall focus upon major relevant findings from the case studies and focus groups and present an integrated discussion. This analysis should enable us to gain a comprehensive understanding of both individual entrepreneur needs and problems and the prevalence of certain needs and problems across business enterprises with similar and differing characteristics.

### Policy Implications of the Proposed Work to AID

The principal objectives of U.S. economic assistance to Costa Rica have been clearly expressed in AID's Country Development Strategy Statement (CDSS) and consist of four components. First, U.S. economic aid to Costa Rica aims to promote economic stability and lay the foundation for economic recovery and sustained growth through appropriate government policies. This is particularly important in view of the precipitous economic decline experienced in Costa Rica during 1980-82. Secondly, AID supports the development of a strong private sector and actively encourages direct financial and technical support to it. Thirdly, AID supports Costa Rican efforts at restructuring and diversifying agricultural and industrial production especially to expand export sales. Finally, AID encourages and supports all Costa Rican efforts to bring the external debt within manageable levels.

In the recent past AID project activities in Costa Rica have involved, among other things, the provision of technical assistance to various small business and small farmers groups. Several of these projects are particularly relevant in the context of the objectives of the proposed research.

AID, under the Accion International Technica program (AITEC) provided training and technical assistance to 907 small and medium farmers and 54 entrepreneurs in such areas as apiculture, tree nursery, basic grains, fruits and vegetables, dairy farming and coffee production. Participants underwent short courses, field trips, work sessions and other training activities. Interim results of the program were particularly encouraging not only in terms of improved productivity and income, but also in terms of business expansion.

Many AITEC participants expressed the need for more training and technical assistance in such areas as financial management and accounting and product marketing. Some AITEC participants had attained such increased sales that they were reportedly seeking new markets for their produce. A critical feature in this transition was their need for developing managerial and financial control over their operations.

Under the Productive Credit Guarantee Program, AID has provided assistance to enable small business entrepreneurs lacking collateral to enter the loan program. However, this program has now been hampered from full realization of project objectives by such problems as commodity delays, low salaries that have generally attracted untrained staff and alternatively departure of trained staff for better jobs and some restrictive loan criteria. Under the Urban Employment and Community Improvement program a total of 204 small businesses have received \$715,000 in credit; and while there existed some problems in implementation, over 450 small business owners and managers completed business skills courses at the National Training Institute. A similar AID project sought to provide technical assistance, training and credit to small industry. Up to 900 entrepreneurs were scheduled to receive technical assistance and up to 40 training courses were to be conducted for small businessmen. Moreover, ten participants were to receive graduate training in appropriate disciplines.

The present effort remains well within the purview of recent AID activities in Costa Rica. The minority small business entrepreneur focus of the proposed project affords AID with a unique opportunity to understand and document the special needs, problems and training

requirements of this population with the larger Costa Rican socio-economic system. Specifically, the project will enable AID to identify the range of financial and administrative management problems, needs and issues faced by minority small business entrepreneurs in Limon and those factors which limit and stunt their entrepreneurship. Equally important, the proposed study will be most valuable in AID planning activities with respect to enhancing the role of minority entrepreneurs in the national Costa Rican economy. This is evident in terms of management training programs which may be made available to these entrepreneurs.

In the broader context of minority entrepreneurship in Central America, the project shall provide AID planners with relevant data useful in designing programs aimed at increasing the viability, survivability and growth of urban minority entrepreneurs. Finally, the study shall make appropriate recommendations pertaining to the training, educational and other program needs of minority entrepreneurs in Limon, Costa Rica.

## Management Plan

### Organization, Staffing and Scheduling

Plans for the organization, staffing, and scheduling of the proposed research are presented in this section. Specifically, discussions of the following topics are included:

- o General IUR Structure
- o Project Organization
- o Staffing
- o Scheduling
- o Project Management and Reporting

### General IUR Structure

The Institute for Urban Research is the organized research division of Morgan State University. The Institute is charged with providing research, evaluation, and technical assistance to faculty, community organizations; and federal, state, and local governmental agencies. The Institute is composed of a multidisciplinary permanent staff of seven with expertise in the areas of educational psychology, sociology, political science, demography, statistics, computer science, education, social history, and economics. This permanent senior-level staff is supplemented by additional scholars from the University faculty, and by research assistants selected from high ability undergraduate and graduate students.

The team selected for the proposed research has expertise in research related to special populations and has participated in previous studies involving components similar to those called for in the proposed

research: the conduct of case studies and focus group discussions, sampling, implementation of both small and large scale data collection plans using structured and unstructured interview schedules, and the utilization of qualitative methodologies.

### Project Organization

Summaries of functions and related experience of key staff are presented below. All resumes are attached in Appendix D.

1. Dr. A. G. Mariam, Principal Investigator/Project Director.

Dr. Mariam is a seasoned researcher and research manager. Several previous assignments relate functionally or programmatically to the proposed research. Over the past five years, Dr. Mariam has been engaged in a number of projects including a principal role in a national survey of undocumented Haitian entrants, as well as other studies related to the economic and housing conditions of black Americans. He has also conducted research in other areas including consumer survey research and review of Maryland State DWI supervision procedures.

Dr. Mariam will have the managerial responsibilities of:

- o controlling the quality of project products
- o insuring that the required resources are available to conduct the project in a timely and outstanding manner
- o providing technical guidance to project staff
- o leading in project design and technical developments
- o administration of funds and personnel

As the Principal Investigator, Dr. Mariam will further be responsible for:

- o finalization of work plan, techniques and methodology

- o bibliographic and secondary data source search
- o assessment of data collection needs
- o oversight and implementation of field data collection including conduct of focus group discussions
- o preparation of preliminary analysis of data
- o preparation of draft report of findings
- o discussion of findings with AID Mission, Costa Rica and interested Costa Rican Officials
- o preparation and submission of final report

2. Mr. Issac Barnes shall serve as the Project Coordinator for the project. He brings to the project a broad combination of skills, knowledge, and experience in labor/management relations, community services, adult non-formal education, and implementation of programs in both domestic and international affairs. For approximately 30 years, Mr. Barnes has been involved in ongoing planning, implementation, and evaluation of programs and projects in developing nations. Previously, Mr. Barnes worked for the American Institute for Free Labor Development in Peru, Brazil, the Dominican Republic, and the Caribbean region. Similarly, he worked for the Asian American Free Labor Institute in Vietnam, Turkey, the Philippines and Bangladesh. As an officer of the American Institute for Free Labor Development and the Asian American Free Labor Institute, Mr. Barnes' principal assignments were to identify program objectives and design methods for meeting them. These programs included rural education, marketing, informal education workshops, cooperative programs, and systems design to determine if program objectives were being met.

Mr. Barnes, who was a former native of Costa Rica, is a graduate of the University of San Jose in Costa Rica and the University of Missouri. Mr. Barnes is fluent in Spanish and Portugese.

Mr. Barnes shall be responsible for the following tasks on the project:

- o identify and recruit interviewers and focus group facilitators
- o organize field data collection team
- o train and supervise interviewers
- o develop liaison with private and public Costa Rican agencies to facilitate implementation of data collection plans
- o arrange for minority entrepreneur interviews and focus group discussions
- o coordinate project activities with AID Mission in Costa Rica
- o coordinate logistical requirements of project
- o make financial arrangements for the payment of interviewers and facilitators

### AID Mission, Costa Rica: Role and Participation

The participation of the AID Mission in San Jose during all stages of the project implementation is considered essential and vital. The project will require the cooperation and assistance at various Mission levels. We propose to work very closely with Mission staff so that there is clear understanding of project objectives and implementation needs. The Principal Investigator for the project shall consult and work closely with the Mission staff and secure agreement before implementing the various phases of data collection.

### Expected Outcome

The project described in this proposal aims to accomplish the following specific goals:

- o identify and document the particular financial and administrative management problems, and needs of minority entrepreneurs in Limon, Costa Rica;
- o identify specific minority entrepreneur training requirements;
- o identify types and methods of training to address problems and needs (e.g., short courses, workshops, training programs at the National Training Institute, C.R., advanced course work at American higher education institutions);
- o refine Methodology (Focus Group/Case Studies) for possible application in future AID needs, problems and training requirements assessments in developing countries.

# TIME/TASK CHART

TASKS *	MONTHS **																																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
1. Field Study Team and Orientation Meetings	↓																																		
2. Finalize Work Plan, Methodology, Travel Arrangements		↓																																	
3. Travel to Limon, Costa Rica			↓																																
4. Orientation and establish working relations with AID mission, Costa Rica, other data sources				↓																															
5. Finalize Information - data needs					↓																														
6. Field Data Collection						↓																													
7. Prepare preliminary analysis of data							↓																												
8. Discuss preliminary findings with AID mission and interested Costa Rica government officials								↓																											
9. Prepare Draft Report of Findings									↓																										
10. Discuss Draft Report with Contract Technical Manager										↓																									
11. Final Report											↓																								
<p>* All tasks identified in this project will be completed 8 months after receipt of Award Notice</p> <p>** Effective Receipt of Award Notice</p>																																			

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## Representations, Certifications, and Acknowledgements

### Duration of Project

The tasks identified in this project will be completed in eight months.

### County Participation

To the extent possible, both the concerned national government agencies and educational institutions, particularly at the local level, will be invited and actively encouraged to participate in the conduct of the study and provide advice and guidance. The involvement of local academicians will be strongly sought and encouraged. None have been identified at the time of this writing.

### Environment Effects

NO negative environmental effects are anticipated as a result of the conduct of the proposed study. There will be no data collected or used in this study which AID, the participating academic institution(s) or the Government of Costa Rica should not have full access to and use at their discretion.

### Proposal Submission

This proposal HAS NOT been submitted to any other sponsors, in whole or in part.

### Human Experimentation

The proposed project DOES NOT involve human experimentation. The technical data contained in pages of this proposal shall not be used or disclosed except for evaluation purposes. In the event a contract is awarded to the proposer by the government, this restriction will not stop the government from utilizing similar technical data obtained from other sources.

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## Appendix A

## Appendix A

### Sample Protocol for Individual Entrepreneur Case Study

The following are sample questions which may be included to identify and determine and explore problems, needs and issues with respect to financial and personnel management among small business entrepreneurs. Questions for the case studies will be developed both from those identified in the proposal; new questions will also be prepared. These questions shall serve as a checklist and guide to ensure that all areas of concern are addressed. Thus, they will not be prepared as a survey schedule.

#### Financial Management:

- o What are the individual entrepreneur's needs for improved financial management?
- o To what extent are records, particularly financial records, utilized in the operation of the firm?
- o Does the entrepreneur prepare and use a budget in the operation of the firm?
- o Does the entrepreneur know of the diversity in types of loans available?
- o Does the entrepreneur extend customer credit? What are the problems associated with customer credit?
- o How does the entrepreneur manage inventory?
- o Does the entrepreneur utilize trade credit from suppliers?

#### Personnel Management:

- o Will the entrepreneur prepare employees for newly developed or modified jobs?
- o Does the entrepreneur seek to improve the performance of his/her employees? How?
- o Are there certain skills and techniques which trainees in new employees must learn? What are these?

- o Are there performance standards which employees must meet?  
If not, why?
- o Are there established procedures for handling employee grievances?
- o How often are new employees hired? What methods of recruitment, selection, etc., used?
- o How are employees who sustain injury on the job provided for?

## Appendix B

## Appendix B

### Sample Protocol Entrepreneur Focus Groups

Theme: What can be done to help small business entrepreneurs improve their skills [in financial and personnel (employee) management] ?

Rationale: Some entrepreneurs who participated in our individual interviews identified [state problems, issues] as crucial factors in their financial and personnel management efforts. On the other hand, other participants indicated [state problems, issues] the importance of [factors] in their activities. It is therefore, important to explore

- (1) Significance of [particular problem issue]
- (2) Activities, programs [to address the problem issue]
- (3) Other [as appropriate]

Purpose: To generate [consensus] useful in identifying training needs and remedial strategies.

#### Outline for Conducting Focus Groups:

- I. Introduction
  - o Review theme, rationale and purpose
  - o Distinguish financial and personnel management
  - o Describe the salient issues and problems
  - o Review essential points
  - o Redescribe focus group process (i.e., restate the purpose of group, problems and training needs)
  - o Express appreciation of participants for their cooperation, time, etc.
  - o Provide refreshments

## II. Issues for Discussion

In the second section, key problems and issues identified during the individual interviews will be systematically presented for discussion. Specific probe questions will be prepared for group interaction. As the discussion proceeds additional questions related to the theme will be introduced.

## III. Wrap-UP

Following a discussion of issues (as noted in section II), the facilitator will summarize, clarify and solicit additional comments or ideas from participants. Finally, the facilitator will thank participants for their time, efforts and contributions.

## Appendix C

## Appendix C

### LISTING OF SMALL BUSINESS

#### A TO B

Auto Repair and Diesel Garages  
Advertising Agency  
Architectural Supplies  
Architectural and Engineering Services  
Agricultural Supplies  
Air Conditioning Contractors/Repair/Sales  
Amusement Device/Place Operators  
Automobiles and Other Vehicle Sales  
Animal and Pet Dealers  
Antique Furniture Dealers/Repair  
Bakeries  
Bowling Alleys  
Barber Shops  
Beauty Salons  
Bathroom Accessories  
Beverage Bottling  
Bicycle and Motor Cycle Sales and Service  
Bicycle Rental/Sales/Repair  
Boating Equipment Supplies  
Book Stores  
Bookkeeping Service  
Bowling Lanes  
Butcher's Shops  
Business Management and Consulting Services  
Business Services  
Bus Lines

LISTING OF SMALL BUSINESS

C TO F

Construction and Building Materials Supplies  
Chauffer Service  
Collection Agency  
Cleaning Services  
Construction Business  
Copying Service  
Cement Products  
Clothing Stores  
Clothing and Shoe Stores  
Confectionaries  
Cosmetics and Perfumes Shops  
Computer Programing and Data Processing Services  
Dairy Products Stores  
Detective and Protective Services  
Pick-up and Delivery Service  
Discos/Night Clubs  
Distillers/Breweries  
Drug Stores  
Electronic Computing Equipment Sales  
Employment and Temporary Help Agencies  
Employment Agency  
Farm and Garden Supply Stores  
Film Developing Service  
Formal Wear Rentals  
Furniture Stores  
Funeral Homes  
Fuels and Lubricants Retail Stores  
Freight Lines/Service  
Fabric Shops  
Food Canning

LISTING OF SMALL BUSINESS

G TO L

Gift Shops  
Groceries Stores  
Guide Services  
Groceries and Supermarkets  
Gasoline Service Stations  
Hardware Stores  
Farm Equipment Sales  
Hotels/Motels  
Household and Commercial Furnishings and Appliances  
Housekeeping Services  
Interior Design Service  
Insurance Agencies (Independent-All Types)  
Jewelry and Watch Sales  
Liquor Stores  
Lease or Rental Equipment Service  
Live Animals and Pets Sales  
Lumber and Building Material Stores  
Legal Services  
Lawn Maintenance Service  
Laboratory Testing Services  
Leather Products Manufacturing/Sales  
Lighting Fixtures and Lamps Sales  
Limousine Service  
Laundry and Dry Cleaning Services  
Locksmith Services

LISTING OF SMALL BUSINESS

M TO P

Messenger Services  
Musical Instrument Shops  
Management, Consulting and Professional Services  
Music Record and Tapes Sales  
Maintenance and Repair of Industrial Equipment  
Machine Shops (All Types)  
Real Property Maintenance Services  
Market Research Services  
Metalworks  
Moving and Storage Services  
Martial Arts Instructions  
Nurseries - Plant  
Nurseries - Children  
Night Clubs  
Novelty Shops  
Office Machines Sales  
Office Supplies and Stationery Stores  
Offices of Physicians/Dentists  
Photographic Equipment Sales/Service  
Photo Studios  
Pharmacies  
Printing and Publishing  
Pawn Shops  
Paint and Home Repair Stores  
Packaging Service  
Pest Control  
Public Relations Agency  
Pottery and Related Products Sales  
Physical Fitness Services

LISTING OF SMALL BUSINESS

R TO W

Radio, TV and Other Communication Equipment Sales/Service  
Real Estate Agencies  
Recreational and Athletic Equipment Sales  
Restaurants  
Retail Florist  
Ships and Boat Building and Repair  
Shoe Stores  
School and Business Supplies Stores  
Shoe Repair  
Saw Mills  
Salvage Service  
Sheetmetal Works  
Scientific Instruments Sales/Service  
Stereophonic/Hi-Fi Sales/Services  
Travel Agencies  
Transportation Services  
Tobacco Manufacturing/Sales  
Tire, Battery and Auto Accessory Sales  
Toy Stores  
Trucking Service  
Taxi and Minibus Service  
Tailoring  
Theaters/Motion Pictures  
Vending Machine Operators  
Veternarian Services  
Woodworking  
Warehousing and Transport

## Appendix D

Resume

A. G. MARIAM, Ph.D.

ADDRESS : 7805 Mandan Road, #301  
Greenbelt, MD 20770

TELEPHONE : 301 - 474-2854 (home)  
301 - 444-3062 (work)

BIRTH DATE : 05-18-52

MARITAL STATUS : Married

EDUCATION : Ph.D. Political Science, University of Minnesota  
Minnesota, Minneapolis, MN (1984)

M.A. Political Science, University Northern Iowa  
Cedar Falls, IA (1975)

B.A. Political Science, Augusta College  
Augusta, Georgia (1974)

CURRENT POSITIONS : Research Associate, Institute for Urban Research,  
Morgan State University, Baltimore MD (1979 - present)

Reviewer - National Science Foundation, Division of  
International Programs, Washington, D. C. (Present -)

PREVIOUS POSITIONS :

1981-1983 Acting Director, Institute for Urban Research  
Morgan State University, Baltimore, MD

1980-1981 Research Associate, Institute for Urban Research  
Morgan State University, Baltimore, MD

1981-1979 Graduate Teaching Associate, Department of Political Science,  
University of Minnesota, MN

1978-1979 Research Associate, Office of Minority and Special Student Affairs  
University of Minnesota, MN

1975-1976 Research Teaching Assistant, Department of Political Science,  
University of Northern Iowa, Cedar Falls, IA

SPECIALIZATION:

U.S. Foreign Policy, African/Latin American Politics and Government, Modern  
Political Theory, International Politics, Public Policy

COURSES TAUGHT:

U. S. Foreign Policy; International Politics; Comparative Political Systems - Africa, Latin America; Political Theory - Modern and Empirical; Introduction to Political Science

PUBLICATIONS:

Mariam, A. G. (1984). Black Boat People: Searching for Opportunity or Freedom? IUR Research Notes, Morgan State University.

Mariam, A. G., & Amin, R. (1984). Black-White Differences in Housing: An Analysis of Trends and Differentials (originally submitted as a report to U.S. Department of Labor). Scheduled for publication.

Mariam, A. G., & Amin, R. (1983). Occupational, Employment, and Earning Status of Black Americans: A Multivariate Analysis of Current Population Survey Data. (U.S. Department of Labor).

Mariam, A. G. (1982). An Analysis of Al-Co-Hol Programs in Selected School Districts in Maryland (MD Department of Mental Health).

Mariam, A. G. (1982). Review of Clinical Supervision Procedures in County DWI Programs - Phase I. (MD Department of Mental Health).

Mariam, A. G. (1982). Analysis of DWI Programs in Maryland (MD Department of Transportation).

Mariam, A. G. (1982). A Study of the Potential Cable Television Market in the City of Baltimore, MD. Consumer Survey Report (MaClean, Hunter Associates).

Mariam, A. G. (1980). The Economic and Labor Force Integration of Recent Haitian Entrants in the U.S. (U.S. Department of Labor, Employment and Training Administration).

Mariam, A. G., & Carey, P. (1979). "Socialization and the Process of Migration," in The New Immigration: Implications for the International Community, B. Laporte, ed., Transaction, N.J.

Mariam, A. G. (1978). "A Bibliographic Survey on Minority Education with Special Reference to Afro-Americans," prepared for the Office of Minority and Special Student Affairs, University of Minnesota.

Mariam, A. G., Carey, Phillip et al. (1979). The Higher Education of Minorities, University of Minnesota.

UNPUBLISHED MANUSCRIPTS:

Mariam, A. G., Boat People: The Politics of U.S. Immigration Policy (the first comprehensive study of U.S. policy towards recent undocumented Haitians in the U.S. - scheduled for publication in 1985 by a major publishing house).

Mariam, A. G., Colonialism, Nationalism, and African Socialism (a study of political change in Africa).

Mariam, A. G., U.S. Military Aid Policy in Ethiopia 1952-1974 (a study of U.S. military aid policy since the introduction of the Mutual Defense Assistance Program).

Mariam, A. G., U.S. Aid Policy and Programs in Latin America: A Critical Review of the Literature (a comprehensive survey of U.S. military, economic and technical aid in Latin America).

Mariam, A. G., "A Model of Expanding Repercussions Among Low Income Military Aid Recipients" (an effort at modelling the multiple impact engendered by aid programs).

Mariam, A. G., & Amin, R. "Fertility, Contraceptive Use and Socioeconomic Context in Bangladesh (a demographic analysis of fertility trends and contraceptive use).

Mariam, A. G., & Amin, R. "Child Mortality in Bangladesh 1968-1977" (an analysis of trends in patterns in child mortality).

GRANTSMANSHIP:

Symposium on Increased Participation of the Historically Black Colleges and Universities in National Park Service Programs, U.S. Department of the Interior, National Park Service (1984).

Clinical Supervision Procedures in County DWI Programs - Comprehensive DWI Programming, Maryland Alcoholism Control Administration - Phase II (1983). (Maryland Department of Transportation).

Clinical Supervision Procedures in County DWI Programs in Maryland, Maryland Alcoholism Control Administration - Phase I (1982). (Maryland Department of Mental Health).

The Prospects for Cable Television Service in Baltimore City (1982). McLean Hunter Associates).

GRANTSMANSHIP: (continued)

Baltimore Area Study, with R. Amin, Inter-Institutional - Morgan State University (1982).

An Analysis of Al-Co-Hol Programs in Selected School Districts in Maryland (1981). (Maryland Department of Transportation).

An Analysis of DWI Programs in Twenty-Three Maryland Counties and Baltimore City, (1981). (Maryland Department of Transportation).

The Economic Status and Labor Force Integration of Recent Undocumented Haitian Entrants in Florida (1980). U. S. Department of Labor.

CONFERENCES/SYMPOSIA:

Symposium on Increased Participation of the Historically Black Colleges and Universities in National Park Service Programs and Activities (Current - Funded by the National Park Service).

Participated in designing and implementing monthly scheduled University-wide seminars at Morgan State University during 1980-81 and 1983-84.

Developed and managed two inter-University conferences on minority and special students at the University of Minnesota. Responsibilities included arranging facilities, contacting participants, arranging speakers, panelists, and workshop leaders, etc., and overall management of the conference. Prepared a conference report entitled The Challenge to Succeed: The Higher Education of Minorities, for the Minority and Special Student Affairs Office, University of Minnesota (1979).

Coordinated several departmental seminars and conferences in the Department of Political Science, University of Minnesota between 1977-79.

COMPUTER PROFICIENCY:

SPSS, SPSSX, BMDP, ECTA, BASIC



Resume

Issac W. Barnes

EDUCATION: B.A., University of San Jose, Costa Rica  
Sociology (1945)

M.A., University of Missouri, 1971)  
(Correspondence)

PROFESSIONAL EXPERIENCE:

- 1980-Present Social Consultants International - President  
Senior Consultant  
As the President and Senior Consultant, has responsibility for marketing and development and supervision of staff involved in specific projects.
- 1976-1980 Free Lance Consultant  
Consulted with diverse international firms with business interests in Central America and Southeast Asia.
- 1974-1976 Country Program Director - Asian American  
Free Labor Institute  
Responsible for the administration of AAFLI programs in Vietnam, Turkey, Phillipines and Bangladesh.
- 1966-1974 Country Program Director - American  
Institute for Free Labor Development  
Responsible for the administration of AIFLD programs in Peru, Brazil, Dominican Republic, Guyana and other Caribbean countries.
- 1957-1966 Industrial Relations Representative,  
International Garmet Workers  
Represented union members in management disputes, inspected employee benefits and oservance of labor relations guidelines.
- 1947-1956 Personnel Officer - United Fruit Company  
Costa Rica  
Responsible for employee recruitment and hiring.

Budget

Budget Information and Estimates

Total Funding from AID	\$54,800
Cost Sharing/Other Financial Contributions	-0-
Detailed Budget	
a. Salaries - Principals	
100% A. G. Mariam, Ph.D., P.I. (586 hrs @ \$17/hr.)	9,962
50% Clerical Support (520 hrs. @ \$6.00/hr.)	3,120
50% Graduate Research Assistant (640 hrs. @ \$6.00/hr.)	3,840
b. Consultant <sup>*</sup>	
Isaac Barnes, Social Consultants International (80 days x \$150/day - including field work, field interviewers and focus group facilitators \$4,866)	16,866
Hotel and Per Diem (2 persons @ \$70/day for 40 days)	5,600
Travel and Per Diem (2 round trips to Costa Rica @ \$630/trip; local travel in Limon and San Jose \$1,000; local travel to D.C. Libraries, AID Offices from Baltimore @ 19¢/mile)	2,412
Expendable Supplies, Equipment	500
Other Direct Costs	-0-
Fringe Benefits	2,093
Indirect Costs <sup>**</sup>	10,407
Other	-0-

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\*The consultant as the Project Coordinator will be responsible for arranging the services of qualified interviewers and focus group facilitators and make all necessary payments for services rendered.

\*\* Indirect Cost negotiated with HHS at 61.5% of salaries and wages.