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A Descriptive Exploratory Study: Neighborhood Factors Related to Black Business Density

Janelle Williams
Clemson University

A DESCRIPTIVE EXPLORATORY STUDY: NEIGHBORHOOD FACTORS RELATED TO BLACK BUSINESS DENSITY

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Janelle Williams
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Accepted by:
Dr. Susan Limber, Committee Chair
Dr. Martie Thompson
Dr. Arelis Moore de Peralta
Dr. Jim McDonell

ABSTRACT

The racial wealth divide persistently compromises America's full economic potential. Overwhelming research continues to demonstrate that support of Black entrepreneurship can significantly reduce the racial wealth gap, while simultaneously reducing Black unemployment. Although, there has been substantial research on minority entrepreneurship, there is less emphasis on the relationship between neighborhood factors and Black entrepreneurship. This study employed a cross-sectional correlation design to examine the relationships between socio-economic neighborhood characteristics and the density of certified Black businesses. This dissertation significantly contributes to the Black entrepreneurship literature in the American South by providing neighborhood-level analyses of key economic and social characteristics that foster Black business ownership, through a study of Atlanta's 101 Neighborhood Statistical Areas (NSAs). The study explores the role of jobs, educational attainment, financial security, housing, and safety in fostering certified Black businesses. The overall results of this study provided evidence that neighborhood characteristics significantly predicted the density of Black businesses proportionate to the Black population. In the final neighborhood regression model, five neighborhood characteristics (total jobs, median household income, auto-theft, and burglary) accounted for 45.7% of the overall variance in the density of Black businesses. The policy and practice recommendations focus on supporting community development, community wealth building and scaling investments in targeted neighborhoods.

DEDICATION

I would first and foremost like to dedicate this dissertation to my Lord and Savior, Jesus Christ. It is only though His eternal love, grace, comfort and guidance that continues to ground me, protect me and guide me that I can aspire to His ultimate purpose. His unconditional love for humanity, has inspired me to actively advocate for masses that have been violently violated and structurally oppressed so they too, can experience a world of hope, a world of opportunity, a world of wonder.

I would like to also dedicate this dissertation to my daughter, Joy Scott.
Joy – I pray you see the world not as a place to overcome, but a place to enjoy and appreciate. I pray as your mother that I will leave the soil I touched, a little healthier and more nourished. Being your mom is unequivocally the most glorious gift of my life! You have inspired me, my dear Joy, to be a better person, to be a bigger thinker, to be an authentic leader. Thank you for being so supportive and understanding of mommy during your very precious years, that mommy needed to make time for school. I pray that you always remember, my beautiful Black girl filled with power, that self-love and self-care is the greatest form of advocacy and authenticity. Feed your mind and nourish your spirit, your soul will need it but I know within you is a legacy that will spring forth bountiful fruit. I love you beyond measure.

I would also like to dedicate my dissertation to my parents – Earl and Jacqueline Williams. Thank you for being the best parents – you were indeed the best parents for me. Your fervent commitment to righteousness, your devout regard for intellectual fortitude, and your defiance of traditional practices have undeniably shaped the very core of who I am. The older I get, the more I can fully appreciate the wisdom, love and patience you have invested in me. While we were modestly raised, we never felt inferior, you never allowed me to feel less than, or be subjected to less than – you always made me feel that I can conqueror the world, and so when others questioned my sanity for pursuing a PhD while being a working full-time mother, you told me to get started already.

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To my younger sister and brother, Kimoy and Jonathan – I dedicate this dissertation to you. Thank you for loving me through it all and always being so incredibly supportive of me. I pray that you will passionately pursue your purpose, our journey is not to find our unique marks, but acknowledge the many marks, milestones and challenges along the way, they all converge to create a masterfully messy reflection of what makes us human and extraordinary. So, to my golden girl and the great man, rise up, get dressed for your journey, savor the moments and rejoice.

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To my other committee members, each and every one of you have played a remarkable role in my journey at Clemson.

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Arelis – as my first-year advisor, professor and committee member, you have always inspired me by your versatile command of multiple disciplines. Your natural intellectual curiosity has helped me to be a better student and researcher. Arelis, through it all you have consistently supported me and at times when I doubted myself throughout this program, I leaned on you for encouragement. Because your expertise is so far reaching, you inspired me to embrace interdisciplinary approaches and redefine my contribution to the broader field. I deeply value your international experience.

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CHAPTER ONE

INTRODUCTION TO THE STUDY

This study will examine the association of certified Black-owned businesses with varying neighborhood factors, including neighborhood total jobs, residential financial security, residential education attainment, housing stock, and neighborhood crime. The purpose of this study is to understand what neighborhood factors influence the density of certified Black-owned businesses across 101 Neighborhood Statistical Areas (NSAs), which make up 245 neighborhoods within the city of Atlanta. This chapter presents the background of the study, the statement of the problem, the significance of the study, definitions of terms, and the research questions and hypotheses.

Background of the Study

Millions of children are growing up in poverty in the United States. Based on U.S. Census data, more children grow up poor today than a quarter century ago (U.S. Census Bureau, 2012). Based on 2012 U.S. Census Bureau data, “nearly half – 45 percent – of American families with children 8 years and under are low income and many do not have the essential tools to achieve financial stability” (The Annie E. Casey Foundation [AECF], 2014b, p. 5). These current trends compromise the future of America’s children, families, and communities. There are nine million children living in neighborhoods of concentrated poverty, and 80% of them are children of color (U.S. Census Bureau, 2012). Millions of people of color live in neighborhoods that lack the basic educational and community infrastructure—like good jobs, grocery stores, and safe streets—that everyone needs to be healthy and productive. Low-income children of color go to the most challenged schools and face a job market that primarily offers insecure, low-wage work, and few opportunities to move up and reach their full potential. While, a community may offer access to some, it does not necessarily provide equitable access to all groups.

There is a deep need to support place-based strategies that help disinvested communities access resources and opportunities in order to become economically viable. As Ratcliffe and McKerman (2012) noted, “A child raised in poverty is more likely to become an adult living in poverty – less likely to graduate from high school or remain consistently employed” (p. 5). And, as Isaacs, Sawhill and Haskins similarly (2008) noted, “Forty-two percent of children born to parents at the bottom of the income ladder stay there” (p. 7). Low-income American families continue to struggle daily to overcome staggering odds that threaten their survival.

To make ends meet, low-income families must work twice as hard to earn half as much. According to The Annie E. Casey Foundation’s (2014b) policy report, “Now two incomes are required to maintain the same standard of living as one manufacturing worker provided for a family years ago” (p. 3). It is no surprise that Duncan, Magnuson, and Votruba-Drzal (2014) found that many of low-income families still live in deeply disinvested neighborhoods which results in high vacancy, crime, and lack of quality amenities. However, current patterns of gentrification across American cities now threaten to displace residents that have lived in these communities for generations.

The recent economic recession has exacerbated inequality in the United States, as the top 1% continue to solidify their growing economic power and the shrinking middle class continues to have less access to economic mobility. New York University's Furman Center (2013) found that the percentage of middle class household ($40,000-$100,000) declined while working class households (less than $40,000) increased between 1990 and 2012. Closely examining the top 1%, Alvaredo, Atkinson, Pickett, and Saez (2013) depicted a wide rift between the top and bottom, where the share of all household income almost tripled between 1976 and 2012. The distribution of wealth continues to reflect disparities. Based on surveys by the U.S. Census Bureau (2012), the wealthiest in America earned twenty-five times greater than median household income.

Even more alarming, the effects of the slow economic recovery contributed to the top 1% claiming most of the growth that occurred between 2011 and 2012. As Saez (2013) discussed, "95 percent of income gains since the recovery started have gone to the wealthiest" (p. 4). Results from the Federal Reserve (2013) Survey of Consumer Finances shows that in the U.S. the top 3 percent own over half of America's wealth while the bottom 90 percent, own 24 percent of the wealth.

Economic inequality also impacts opportunity. Opportunity has been a fundamental appeal and facet of the American dream. If there is a growing class divide and restricted opportunity, mobility is hindered. Research by Chetty, Hendren, Kline, and Saez (2014) found that children's future earnings was dependent on their parent's income. This finding illuminates that economic mobility is dependent on parents' status, and children living in neighborhoods of concentrated poverty have more obstacles in their path to actually move out of poverty.

In the United States, income, wealth, and poverty consistently vary by race (Fischer & Massey, 2000; Forman 2004; & Sullivan, Meschede, Dietrich, Shapiro, Draut, Traub, & Ruetschlin, 2015). There are also structural factors that continue to restrict access to opportunity for minority groups to join the economic mainstream. The persistent disparities are noteworthy. Based on the Economic Policy Institute's (2013) research, consistent patterns of the racial wealth divide are still prevalent. In the past 50 years, Black unemployment has consistently been two to three times higher than White unemployment. The Urban Institute (2013) also found that from 1983 to 2010, average family wealth for Whites has been about six times that of Blacks and Hispanics. Based on American Community Survey, 2009-2013 estimates, 11% of Whites lived below federal poverty levels compared to 27% and 32% of African Americans and Latinos respectively (Urban Institute, 2013). Almost every indicator of well-being shows troubling disparities by race within class groupings.

Class is not a protective factor for people of color on certain indicators. Disaggregated data reveal that income inequality does not only exist along class lines; it is strongly correlated with race and place/community. As such, place/community is becoming increasingly racialized in America. Research conducted by MacQueen, McLellan, Metzger, Kegeles, Strauss, Scotti, and Trotter (2001) defines community as a group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action in geographical locations or settings.

One of the most comprehensive datasets on racial inequality comes from the Federal Reserve Board's (2013) triennial Survey of Consumer Finances. The data reveal the racial gap in median income has closed slightly over the last 20 years. Non-White families earned about half of what White families earned in 1989. This closed to 70% in 2007 and slipped back to 65% in 2010. However, median income gaps among race continues to be significant.

The racial wealth divide is one of the most pressing issues facing Black communities. The underrepresentation of vibrant and thriving minority businesses contribute to this growing divide. Based on Klein and Liang (2015) research, "Although business ownership may be an important means to build wealth in our economy, African Americans and Latinos have encountered challenges in acquiring the capital, knowledge, and market access needed to grow their firms" (p. 4). Research by Fairlie (2009), found that lower levels of assets among African Americans account for more than 15% of the difference between the rates of business creation among Whites and African Americans and more than half of the business entry rate gap for Latinos. If Black communities continue to be economically vulnerable to market forces, they will be forced to suffer economic and social oppression.

Businesses ownership has offered a promising alternative to allow people to create their own jobs, provide employment opportunities to others in their community, and build an asset that can be passed down to future generations. Microbusinesses (businesses with fewer than five employees) comprise over 90% of all enterprises and are responsible for 31% of all private-sector employment in the United States (AEO, 2016).

Wiedrich, Rice, Sims, and Weisman (2017) reported that while business ownership has increased among workers of color relative to White workers, the value of White-owned businesses has increased by more than double the rate experienced by businesses owned by people of color (22.6% and 10.8% respectively). The business value gap for White-owned firms versus people of color-owned firms is largely driven by the percentage of firms without paid employees. Ninety-six percent of Black-owned businesses have no paid employees, compared to 79% of White-owned businesses (Wiedrich et al., 2017). Nationally, White-owned businesses have an average value of over $656,000 – nearly three times the average business value owned by people of color (Wiedrich et al., 2017).

Lack of access to capital is one key structural factor that significantly compromises the potential of Black businesses. According to the Federal Reserve Board's Survey of Small Business Finances (SSBF) data, Black business borrowers pay higher interest rates and experience a higher incidence of loan denials than White borrowers, and large differences persist after firm and owner traits are controlled for statistically (Blanchard, Yinger, & Zhao, 2008; Cavalluzzo & Wolken, 2005). Additional research has also persistently demonstrated that small businesses based in communities of color receive smaller loans, whether or not the owners were White or Black (Federal Reserve Bank, 2017). Additionally, Black-owned businesses experienced higher loan denial rates. The fact that Black-owned small businesses have been heavily concentrated in Black residential areas has contributed to their limited access to bank credit (Bates, 1993; Immergluck, 2004). Businesses directly impact their local economies, and with higher business loan denials in Black neighborhoods, this compromises the overall economic vibrancy of these impacted communities.

Despite these deep structural challenges, a new study conducted by Austin (2016), analyzed business owners by race from 2007-2012 and found that firms owned by people of color have significantly contributed to the economic recovery in the U.S. The research was based on the U.S. Census Bureau's Survey of Business Owners (SBO), which is published every five years. Findings revealed that non-White business owners added more than 72% of the jobs created by privately held companies. Based on 2012 Census data, there were 2.58 million Black-owned businesses in the United States, generating $150 billion in annual revenue and supporting 3.56 million U.S. jobs (U.S. Census, 2012). In fact, there is a long history of entrepreneurship among Black Americans going back to the earliest days of this country and continuing via waves of immigration from the Caribbean in the 1900s and from Africa more recently, as well as from other countries and continents (AEO, 2016). Based on Austin's (2016) report, nearly all of the entrepreneur-of-color groups experienced significant growth in the number of their firms between 2007 and 2012.

Statement of the Problem

The number of Black-owned businesses in America trail White-owned firms in the United States and have done so for decades (AEO, 2016). There are fewer Black business owners than might be expected, given the population size. Moreover, businesses that do exist have fewer employees than nonminority firms, and revenues are much smaller for Black-owned firms, even when comparing the same industries (AEO, p. 4). It is also well-documented that Black households in the United States possess on average about one-tenth the median net worth of White households (AEO, 2016).

New ventures and small businesses are responsible for most of the new jobs within economies (Zimmerer, Scarborough, & Wilson, 2005). Based on the U.S. Bureau of Labor Statistics (2012), small businesses contribute deep economic value. These firms accounted for 64% of the net new jobs created between 1993 and 2011. The clear majority of Black-owned businesses are small businesses. The AEO (2016) report found that these Black business owners are wealthier than their peers who do not own businesses, and business ownership creates new wealth faster compared to wage employment. Additionally, the report argued that these small and minority businesses tend to hire from the community, creating jobs for neighborhood residents. Therefore, opportunities for Black entrepreneurs to succeed are critical for economic empowerment in Black communities, where currently there is virtually zero liquid wealth, coupled with higher than average rates of unemployment (Asante-Muhammad, Collins, Hoxie, & Nieves, 2017).

Asset ownership is largely influenced through generational wealth and resourced networks.

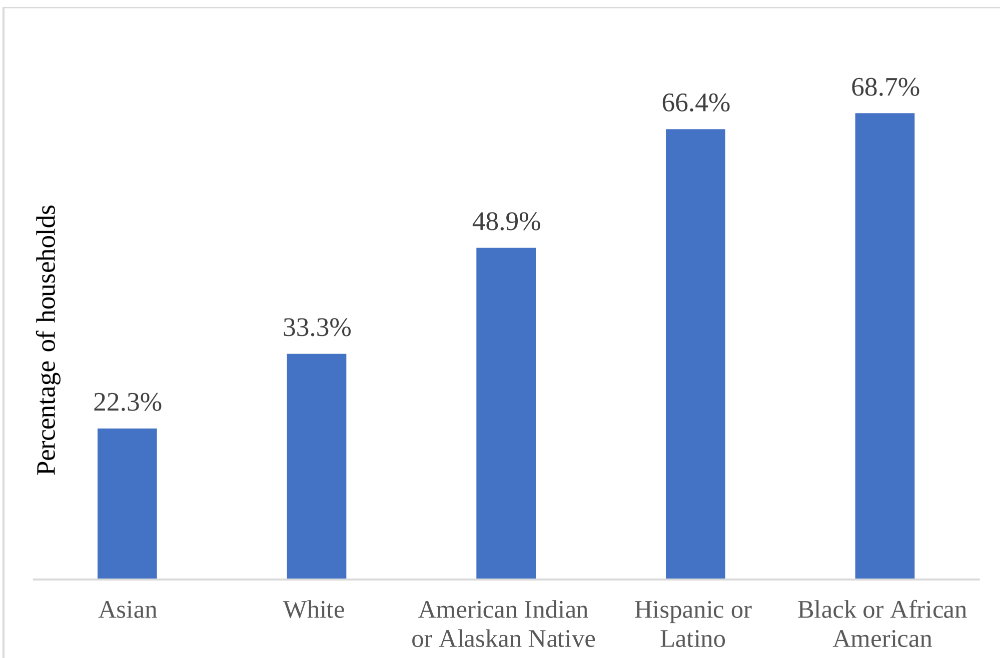
> As noted by Chiteji and Stafford (1999), “A family’s likelihood of owning assets is significantly influenced by the asset ownership of the parents’ and grandparents – by teachings of the value of financial investments. Thus, the conditions of past generations influence asset accumulation and financial literacy” (p.379).

Inequitable access to home ownership, based on the differential access to loans, historically as early as the GI bill, shows distinct trajectories for asset accumulation for families of different demographic composition within the United States (Muhammad et al., 2017).

Also, the AEO (2016) report acknowledged “contributing to the wealth gap was the exclusion of many Black Americans from wealth-building government-sponsored programs that benefited non-minorities during the postwar era” (p. 4). Muhammad et al’s., 2017 report, included a summary of key structural factors that perpetuated the racial wealth divide. Several examples included racially exclusive land redistribution, federally sanctioned housing discrimination, denial of economic opportunities for service members of color, applying savings penalties also known as “asset limits” for the most economically vulnerable and creating disproportionate impact of the tax code. When large groups of people have few opportunities for economic livelihood it compromises the country’s economic competitive advantage.

As the birthplace of Martin Luther King, Jr. and the civil rights movement, Atlanta, Georgia boasts a proud and cherished legacy of advancing racial equity. However, present realities reflect deep and dividing issues that sustain racial inequities, impacting children, families, and communities of color. Forty percent of households in Atlanta do not have enough savings to live above the poverty level for just three months if they lose a job, face a medical crisis, or suffer another income disruption (U.S. Census Bureau, 2011-2015 American Community Survey). This means two out of five households are living without $6,000 of savings to withstand an emergency or plan for their future goals. Over two-thirds of Black households and two thirds of Latino households face this challenge (See Figure 1.1.). Without savings, it is difficult for families to own and maintain assets like homes or businesses that can help generate wealth and income. Nearly a third of those households with assets struggle with having enough savings, which is critical to maintaining and reinvesting in their assets.

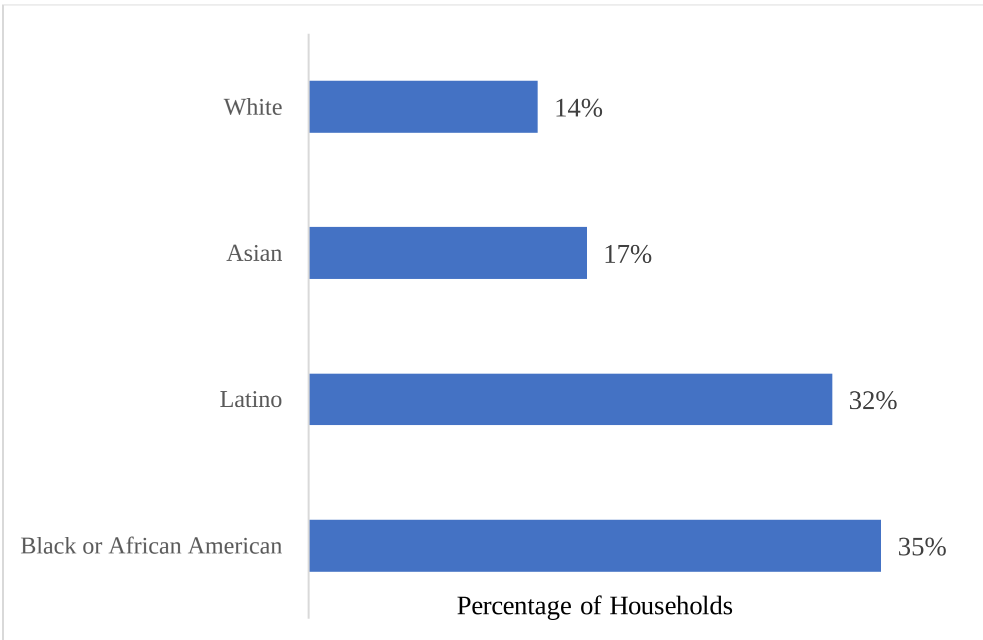
Figure 1.1. *Liquid Asset Poverty in Atlanta by Race.*



Note. U.S. Census Bureau's 2008 Survey of Income and Program Participation, Wave 10 (2011) and 2011-2015 American Community Survey.

With families of color disproportionately experiencing liquid asset poverty in Atlanta, the data are consistently troubling for households with zero net wealth in Atlanta (see Figure 1.2).

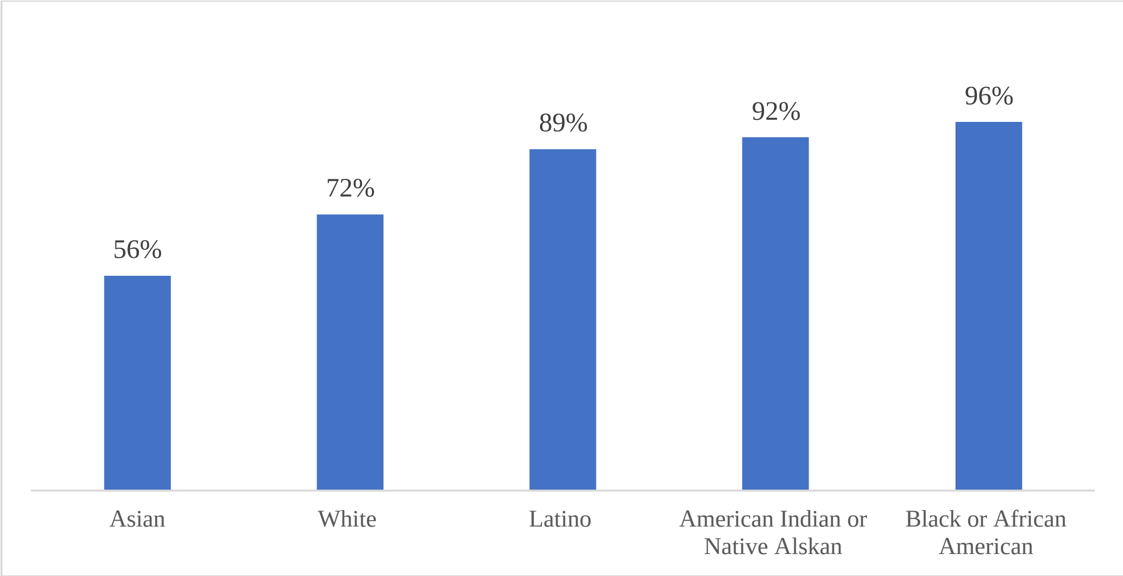
Figure 1.2. *Households with Zero Net Wealth in Atlanta by Race.*



Note. U.S. Census Bureau's 2008 Survey of Income and Program Participation, Wave 10 (2011) and 2011-2015 American Community Survey.

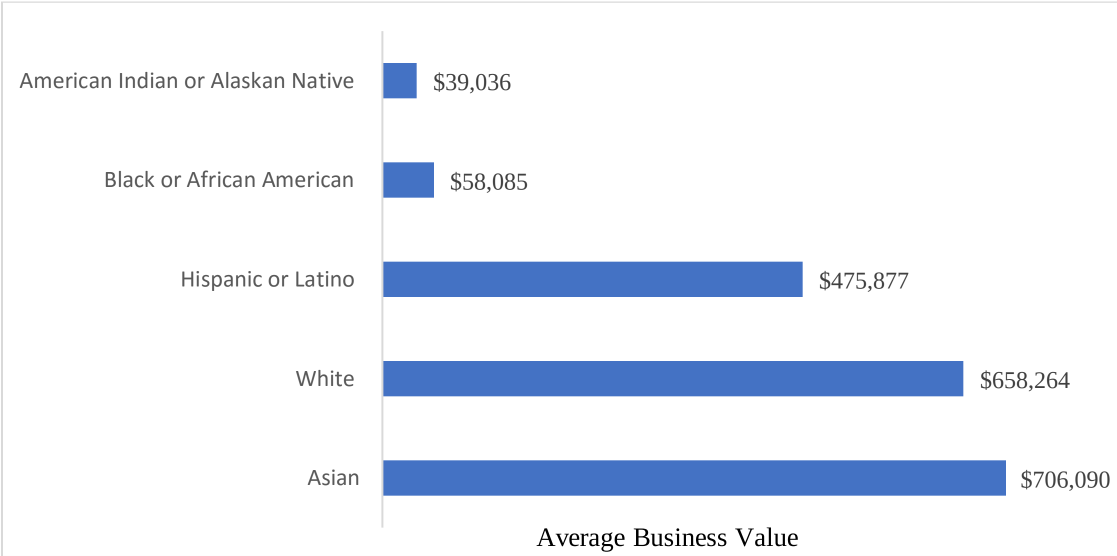
In Atlanta, 96% of Black-owned businesses do not have paid employees (See Figure 1.3). Based on the U.S. Census (2012) data, there are also significant disparities in the city’s business values, as the average business value for Black businesses is $58,000 compared to $658,000 for White business (see Figure 1.4). These data are consistent across the country in cities like Baltimore, Chicago, New Orleans and Miami (U.S. Census Bureau, Survey of Business Owners, 2012). Fostering and scaling Black entrepreneurship is one of the most promising opportunities that can level the playing field for communities.

Figure 1.3. *Businesses without Paid Employees in Atlanta by Race.*



Note. U.S. Census Bureau, Survey of Business Owners, 2012.

Figure 1.4. *Average Business Value by Owner Race in Atlanta.*



Note. U.S. Census Bureau, Survey of Business Owners, 2012.

Significance of the Study

There are deep disparities in wealth held by communities of color— particularly for African Americans households. Based on Muhammad et al.'s (2017) research, "if unattended, trends at the median net wealth rate suggest Black household wealth will hit zero by 2053" (p. 12). Perhaps even more troubling is the finding that while the wealth of White and Asian families has begun to recover since the Great Recession, the wealth levels of African-American and Latino families continue to decline. The wealth gap is perpetuated by a cycle of little to no intergenerational wealth transfer among Black Americans to their children, especially U.S.-born Blacks (AEO, 2016). Limited opportunities to promote economic opportunity is pervasive in the South. Based on the Equality of Opportunity Project, the chance of a child moving from the bottom to top quartile in Atlanta is 4.5 percent, the chance of moving up in Raleigh is 5 percent, and the chance of moving up in New Orleans is 5.1 percent. These are among the lowest odds of advancement in the country (Chetty, Hendren, & Saez, 2015).

To break this cycle of low wealth, new economic opportunities must be created. One important route is through business ownership. Current estimates show that if Black-owned businesses could reach employment parity with all privately held US firms, close to 600,000 new jobs would be created, and $55 billion would be added to the economy (AEO, 2016). This research further posits that if 15% of Black-owned non-employer firms hired one employee and Black-owned employer firms hired two more employees, this would put Black job seekers at full employment.

There is an abundance of scholarship on entrepreneurship and a significant subset of scholarship focused on minority entrepreneurship (Khavul, Bruton & Wood, 2009; Lee, Florida, & Acs, 2004; Monsen & Wayne Boss, 2009). Missing from prior research is an examination of the relationship between entrepreneurship and neighborhood conditions. This study contributes to the racial wealth gap literature by examining the role of neighborhoods in facilitating Black entrepreneurship. Early scholars such as Drake and Cayton (1945) and Du Bois (1899) explicitly referenced the important role of Black entrepreneurship for neighborhood development and stability, and later Hodge and Feagin (1995) posited that for entrepreneurs operating within systems of marginalization and stratification, the inspiration to own a business is often fueled by dual goals of personal and group empowerment.

Metro Atlanta ranks second for the prevalence of Black-owned businesses amongst metropolitan areas across the country (U.S. Census, Survey of Business Owners, 2012). This study looks at 101 Neighborhood Statistical Areas (NSAs), which make up 245 neighborhoods throughout the City of Atlanta, to explore the association between the characteristics of neighborhood and the density of certified Black enterprises (i.e. the number of certified Black businesses proportional to the Black population). Research continues to demonstrate that neighborhood characteristics significantly influence quality of life outcomes (Chetty, Hendren, & Katz, 2014; The Annie E. Casey Foundation, 2014c). This dissertation will highlight the community factors that foster Black entrepreneurship. This analysis will also significantly contribute to the Black entrepreneurial literature in the American South by providing a neighborhood-level analysis of key economic and social characteristics that foster Black business ownership, through a study of Atlanta's 101 Neighborhood Statistical Areas (NSAs). It will also explore alternative narratives to the prevailing "personal responsibility" frame that predominates discussions on poverty and social mobility. Finally, this dissertation will provide recommendations for collaborative networks (philanthropy, public agencies, and private entities) to foster better community outcomes through entrepreneurship.

Definition of Terms

Certified African American Owned Businesses: African American ownership is a company's diversity certification. African American is one of the specific racial groups covered by the minority ownership certification. Minority certifications can be issued by the local, state or federal governments and thus requirements for eligibility will vary dependent upon the issuer. Generally, this certification is non-industry specific but requires that the company is at least 51% owned, operated, and controlled by one or more African Americans.

Community Resiliency: is a measure of the sustained ability of a community to utilize available resources to respond to, withstand, and recover from adverse situations (RAND, 2005).

Density: is defined as the number of organizations within a population and is often operationalized in terms of industry membership (Aldrich & Waldinger, 1990).

Empowerment: The creation of sustainable structures, processes, and mechanism, over which local communities have an increased degree of control, and from which they have a measurable impact on public and social policies affecting these communities (Craig, 2002).

Ethnicity: A social construct that divides people into smaller social groups based on characteristics such as shared sense of group membership, values, behavioral patterns, language, political and economic interests, history, and ancestral geographical base (Bell, Adams & Griffin, 1997).

Infrastructure: The interconnected web of organizational structures, capacities, and functions necessary to effect lasting and meaningful progressive change in society.

Individual Racism: Individual racism refers to the beliefs, attitudes, and actions of individuals that support or perpetuate racism. Individual racism can be intentional, or the individual may act to perpetuate or support racism without knowing that is what he or she is doing (Potapchuck, Leiderman, Bivens, & Major, 2005).

Institutional Racism: Refers specifically to the ways in which institutional policies and practices create different outcomes for different racial groups. The institutional policies may never mention any racial group, but their effect is to create advantages for Whites and oppression and disadvantage for groups classified as people of color (Potapchuck et al., 2005).

Internalized Racism: Acceptance by the stigmatized race of negative messages about people's abilities and intrinsic worth (Jones, 2002).

Personally-Mediated Racism: Individual behavior based on differential assumptions about the attributes, motives, and intentions of others by race (Jones, 2002).

Race: A social/political construct used to confer advantage and disadvantage (Jones, 2002).

Racism: A system of structuring opportunities and assigning value based on a social interpretation of how people look (Jones, 2002).

Racial Equity: Racial equity is the condition that would be achieved if one's racial identity no longer predicted, in a statistical sense, how one fares. The term racial equity is used to address racial justice, which includes addressing the root causes of inequities, not just their manifestation. This includes elimination of policies, practices, attitudes, and cultural messages that reinforce differential outcomes by race or fail to eliminate them (Philanthropic Initiative for Racial Equity [PIRE], 2009).

Representative Density: The density of certified Black enterprises (i.e. the number of certified Black businesses proportional to the Black population). It is measured by the number of Black business/Black population size in 2010 * 1000.

Resilience: The skills, abilities, knowledge, and insight that accumulate over time as people struggle to surmount adversity and meet challenges. It is an ongoing and developing fund of energy and skill that can be used in current struggles (Saleebey, 1996).

Structural Racism: The normalization and legitimization of an array of dynamics--historical, cultural, institutional, and interpersonal--that routinely advantage Whites while producing cumulative and chronic adverse outcomes for people of color. Structural racism encompasses the entire system of White domination, diffused and infused in all aspects of society including its history, culture, politics, economics and entire social fabric. Structural racism is more difficult to locate in an institution because it involves the reinforcing effects of multiple institutions and cultural norms, past and present, continually reproducing old and producing new forms of racism. Structural racism is the most profound and pervasive form of racism--all other forms of racism emerge from structural racism (Potapchuk et al., 2005). Structural racism is produced and maintained by public and private sector policies and practices and is reinforced by differential perceptions (stereotypes) and images of people of color, Whites and dominant U.S. norms and values.

The Structural Perspective: Provides context on the role of systems in creating root causes that account for racial gaps which often involve inequitable policies and practices whose impacts accumulate over time.

Research Questions and Hypotheses

Gaps in the relevant literature suggest the following research questions:

1. How are the total jobs within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

H1: The total number of neighborhood jobs will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population, such that a higher number of jobs in a neighborhood will be associated with a greater proportion of certified Black-owned businesses.

2. How is residential financial security (income) within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

H2: Median household income will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population, such that higher median income in a neighborhood will be associated with a greater proportion of certified Black-owned businesses.

3. How is resident education attainment (Bachelor's degree or higher) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

H3: The percentage of neighborhood residents with a Bachelor's degree or higher will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population, such that higher education attainment in a neighborhood (bachelor's degree or higher) will be associated with a greater proportion of certified Black-owned businesses.

4. How is neighborhood housing (cost burden) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

H4: The percentage of housing units where owner costs are 30% or more of income will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population, such that owner costs of 30% or more of income in a neighborhood will be associated with a greater proportion of certified Black-owned businesses.

5. How are neighborhood safety characteristics (burglary, auto theft, and violent crimes) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

H5A: The percentage of incidents of auto theft within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population, such that higher auto theft incidents in a neighborhood will be associated with a lesser proportion of certified Black-owned businesses.

H5B: The percentage of burglary incidents within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population, such that higher burglary incidents in a neighborhood will be associated with a lesser proportion of certified Black-owned businesses.

H5C: The percentage of violent crimes within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population, such that higher violent crimes in a neighborhood will be associated with a lesser proportion of certified Black-owned businesses.

Organization

The proposal includes a review of the relevant literature, which includes a structural analysis of the racial wealth divide, theories of entrepreneurship, a review of Black entrepreneurship and corresponding neighborhood characteristics addressed in this study, and a summary of relevant community development frameworks. Next, the methods section describes data sources, predictor variables, data preparation, data analytic strategies, and concludes with the results of this analysis. The discussion includes a summary of the analyses, findings, and a review of the limitations of this study. Implications for scaling Black entrepreneurship are explained and recommendations for further research are provided. The final section consists of the conclusion to this study.

CHAPTER TWO

REVIEW OF THE LITERATURE

Access to opportunity has long been the great defining characteristic that has separated America from so many of its other democratic counterparts, yet the world's hegemonic power is seeing the steady decline of its middle class. There has been significant research exploring economic models that can contribute to or counteract this phenomenon (Autor, 2013; Piketty & Saez 2014). Addressing issues of financial resilience, wealth inequality, and racial wealth inequality requires creative leadership and action to ensure families and communities are owning assets and protecting the gains made. While household financial security is important, the present research looks to examine ideas that strengthen community financial security through certified African American business enterprises in the City of Atlanta.

This study looks at core neighborhood characteristics (jobs, financial security, education, housing, and safety) to explore their association with the density of Black-owned businesses (defined as certified Black-owned businesses proportional to the Black population). Community economic activity increases asset ownership, anchors jobs locally by broadening ownership over capital, helps achieve key environmental goals (including decreasing carbon emissions), expands the provision of public services by strengthening the municipal tax base, and ensures local economic stability (Alperovitz, Dubb & Howard, 2012).

As such, the focus of this work intentionally departs from traditional strategies that simply highlight the symptoms of poverty. Instead, this research intends to provide a different perspective on the impact of America's growing racial wealth divide from a structural and neighborhood-oriented perspective.

The Role of Racism

To address the racial wealth divide, it is important to examine the role of structural racism in creating and perpetuating wealth inequities across racial groups and communities across the United States. Communities of color throughout the United States have been impacted by urban development and political forces that have infringed on their economic resilience. White flight, large-scale disinvestment, and misguided and discriminatory policies have led to the significant decline of many thriving, economically vibrant neighborhoods (Bayor, 2000). By definition, structural racism evolves across time and contexts. Structural racism is defined as the exclusion of racial minorities from resources and opportunities (e.g., wealth, housing, education), effectively creating a pronounced disadvantage (Kawachi, & Levin, 2004; Phelan & Link, 2015). The historical legacy of racial oppression experienced by Black Americans and persistent differences in access to resources have resulted in a system of strong links between race and social class at the population level (Feagin, Bennefield, 2014; Krieger, 2012).

Racism can create moral reactions, economic realities and societal impacts. Quite often, the term is associated with the Atlantic slave trade and connotes more historical transactions. However, racism continues to be relevant in communities throughout the United States and across the world despite 21st century technologically advanced and deeply interconnected modern life. Based on U.S. Census Bureau (2012) projections, by 2018, the nation's child population will be majority minority, a shift being led by Latino, Asian and bi-racial families. By 2050, the number of Latino children are projected to be on par with the number of White children in the U.S. (The Annie E. Casey Foundation, 2014c). A large percentage of these are second generation children of immigrants. The success of this new generation bears directly on the nation's future prosperity. Residential segregation in the United States shapes socioeconomic conditions not only at the individual and household levels but also at the neighborhood level (Williams & Collins, 2001), affecting access to healthcare services, quality jobs, education, safety, and social networks (Charles, 2003).

Racism is a complex construct, for which Jones (2002) offered the following definition:

> First of all, racism is a system. It is not an individual character flaw, nor a personal moral failing, nor a psychiatric illness. It is a system (consisting structures, policies, practices, and norms) that structures opportunity and assign value based on phenotype (race) that: unfairly disadvantages some individuals and communities, unfairly advantages other individuals and communities, undermines realization of the full potential of the whole society through the waste of human resources (p. 9).

Jones (2000) further posits that there is a three-tiered racism framework, which accounts for the distinct way racism often plays out and leads to disproportionate quality of life outcomes amongst children, families and communities of color. Jones (2002) also discusses three types of racism: institutionalized, personally mediated, and internalized racism. Institutionalized racism is responsible for sustaining scaled inequities. As Jones

(2002) notes, “Institutionalized racism is defined as the structures, policies, practices, and norms resulting in differential access to the goods, services, and opportunities of society by race” (p.1212). Institutionalized racism manifests itself both in material conditions and in access to power.

However, systems do not operate automatically. They are, in fact, designed, implemented, and evaluated exactly the way people intend for them to function. As such, it is important to understand the saliency of personally mediated racism, which Jones (2002) defines as “prejudice and discrimination, where prejudice is differential assumptions about the abilities, motives, and intents of others by race, and discrimination is differential actions towards others by race" (p. 1212). Personally-mediated racism can be either intentional or unintentional. Forman (2004) has added an important variation on this discussion. Drawing on large-scale, longitudinal surveys of young people in the United States, Forman finds that since 1976, the racial apathy of young Whites has increased. Racial apathy, Forman suggests, is another way of understanding the "subtle" racism of the post-civil rights era: indifference to and/or ignorance of the social reality of race is enough to keep that reality intact. Additionally, DiTomaso (2013) concluded that racial inequality is not rooted solely in racist ideas or conscious efforts to exclude some groups from distinct opportunities. Instead, she argued that informal networks allow Whites, who still hold most of the decision-making positions in the private economy, to hoard and distribute advantage among their family and friends, who tend to be mostly White.

Institutionalized and personally mediated racism interact and help to facilitate internalized racism. Jones (2002) defines internalized racism as “acceptance by members of the stigmatized ‘races’ of negative messages about our own abilities and intrinsic worth” (p. 1213). The compounding impact of racism at the community level and how it supports or thwarts social capital warrants further consideration. Moreover, as Bonilla-Silva (2003) notes, “Color-blind frames, which include cultural racism, and the minimization of racism as a serious social problem, explain persistent racial inequalities without implicating White people and often without implicating race at all” (p. 275). In the early 1990s, a new, multidisciplinary field of study emerged with a core mission of revealing "Whiteness" and its socially constructed nature. Scholars who focus on White privilege, such as Doane and Bonilla-Silva (2003), argue that it resides not only in access to and control over material resources, but in the ways, that White culture, values, linguistic styles, and interests silently iterate and legitimize White supremacy.

Structural racism is a system of social structures that produces and reproduces cumulative, durable, race-based inequities. As such, these structures reinforce disinvestment and disenfranchisement and produce symptoms of community trauma: intergenerational poverty, unhealthy places, and disconnected social networks and political efficacy (Doane & Bonilla-Silva, 2003; Jones 2000; Jones 2002).

Accordingly, Du Bois' (1899) commentary on exclusionary practices and popular resistance to racial integration ignited and augmented wider social commentary on problems of racial inequity in America. It is for this reason that Du Bois' decisive neighborhood study provides an important starting point for framing historical and contemporary relationships among the social (e.g., race, ethnicity, class), institutional (e.g., industry, politics, civic organizations) and ideological forces that shape and reshape metropolitan landscapes. The literature on racism provides an underpinning of how core policies and practices have created and preserved wealth and power for some groups at the cost of disenfranchisement and economic oppression of other communities of color. Given this analysis, it is important to understand its direct contribution to the racial wealth divide accounting for very different economic realities between White households and households of color.

Racial Wealth Gap

Racism is still real and prevalent in contemporary society. One of the most sobering realities of its impact is manifested in the growing racial wealth divide (Sullivan, Meschede, Dietrich, Shapiro, Draut, Traub, & Ruetschlin, 2015). Wealth is typically defined as net worth: the sum of assets, less debts (Yamokoski & Keister, 2006). Wealth allows individuals to ensure against negative income shocks, access desirable neighborhoods and schools for their children, and hold social and political power. Wealth is also a mediator of the intergenerational transmission of inequality. Conceptually, explanations for the racial wealth gap can be grouped into three main categories: income, savings, and return on investments. Income represents the total inflow of financial capital that can be used for asset-building, savings indicate the fraction of that capital that is set aside as assets, and returns are the yield (Killewald, 2013).

Looking at the same set of families over a 25-year period (1984-2009), Shapiro, Meschede and Osoro (2013) offered key insight into how policy and the real, lived-experience of families in schools, in communities, and at work affect wealth accumulation. They found that the total wealth gap between White and African-American families nearly tripled over this period of time, increasing from $85,000 in 1984 to $236,500 in 2009. Their findings point to policies and the configuration of both opportunities and barriers in workplaces, schools, and communities that reinforce deeply entrenched racial dynamics in how wealth is accumulated and continue to permeate the most important spheres of life. Oliver and Shapiro (2006) note that Blacks' lower rates of entrepreneurial activity and lower likelihood of holding income-producing assets may contribute to lower rates return on investments.

Anti-poverty work typically focuses on increasing income and improving educational attainment. While these actions are undoubtedly critical, they alone typically do not keep families out of poverty over time or help them build financial security. Muhammad et al. (2017) found that in the U.S., Black and Latino households see less of a return than White households on the income they earn: for every $1 in wealth that accrues to median Black households, median White households accrue $4.06. Meanwhile, for every $1 in wealth that accrues to median Latino households associated with higher income, median White households accrue $5.37 (Sullivan, et al. 2015).

When it comes to educational attainment across the nation, a Black household headed by a college graduate has less wealth on average than a White household headed by someone who dropped out of high school (Hamilton, Darity Jr., Price, Sridharan, &

Tippett, 2015). This finding suggests that controlling for educational attainment, differential earning potential persists among different racial/ethnic groups. Center for Economic Policy Institute (2013) released a series of studies, finding that White males with a criminal record had a higher likelihood of receiving interviews compared to minorities with credentials. Even Black students who majored in high-demand fields such as engineering fare only slightly better than White students who spent their college years earning liberal arts degrees. Between 2010 and 2012, 10% of Black college graduates with engineering degrees and 11% of those with math and computer-related degrees were unemployed, compared with six percent of all engineering graduates and seven percent of all those who focused their studies on math and computers (Hamilton et al., 2015).

Educational attainment and income equality are a few of several ingredients needed to close the racial wealth divide and ensure that all families see equal benefit from equal effort and achievement. One substantial and complementary route is to scale Black business ownership. Research has shown that the median net worth for Black business owners is 12 times higher than Black nonbusiness owners (AEO, 2016).

Theories of Minority Entrepreneurship

There are many theories that offer to explain minority entrepreneurship. They seek to explain differences in the level of business participation between ethnic groups, as well as to elucidate the conditions under which entrepreneurship originates and flourishes. In general, four major theoretical perspectives are advanced to explain ethnic entrepreneurs (Fischer & Massey, 2000).

The first is cultural theory, which posits the existence of cultural elements within a group that predisposes its members to engage in entrepreneurial activities. Through seminal work conducted by Light (1984), cultural theory has two major variants: orthodox and reactive. Orthodox cultural theory asserts that entrepreneurship stems from something inherent in a group's cultural makeup, whereas reactive theory views entrepreneurship as a situational response to alien status, which brings out latent cultural traits that are conducive to business activity, such as group solidarity (Light, 1984).

A second perspective is middleman minority theory, which argues that immigrant groups are often constrained to occupy the structural position of middlemen, in which they serve as conduits to the masses for the delivery of goods and services from the elite. Per Bonacich (1973), immigrant groups often begin as sojourners, a status that predisposes them toward middleman status. Seeking only to maximize income over a limited time horizon, they concentrate in narrow occupational niches and live frugally to save money for future investments or remittances.

A third perspective, disadvantage theory, depicts entrepreneurship as a survival strategy that emerges when minorities encounter barriers to advancement in formal labor markets (Light, 1980). Obstacles to socioeconomic mobility may stem from a combination of several factors: poor English skills, non-transferable training from abroad, limited educational attainment, limited employment opportunities, and discrimination (Light, 1984).

A final theoretical perspective focuses on opportunity structures (Aldrich, Howard, & Waldinger, 1990). This perspective considers structural constraints on entrepreneurial activity, such as market conditions, group size, and discrimination. The point of entry for many ethnic entrepreneurs involves catering to the demands of their own community, which may provide a protected market niche benefitting people with a deep knowledge of the tastes, preferences, and language of the clustered group, insights which the majority presumably do not possess (Aldrich, Howard, & Waldinger, 1990).

Butler and Herring (1991) argued that Jim Crow laws placed Black businesses at a disadvantage as they were legally prohibited from competing in the free market, truncated African American self-employment alternatives, and business segregation limited their access to the mainstream market. Silverman (1998) posited that social and institutional barriers continue to inhibit the efforts of Black entrepreneurs to operate in the mainstream economy. Additionally, Boyd (1990) found that urban Black workers were more likely to be self-employed than were suburban Black workers. He proposed that this positive impact of urban workplace on Black self- employment may be a function of less expensive commercial land in declining urban areas, which attracts Black entrepreneurs lacking financial capital. The positive impact of urban workplace on Black self-employment may also be attributed to the fact that Black-owned businesses primarily cater to Blacks in the central city, and urban Black entrepreneurs rely heavily on local community support. The decision by Black entrepreneurs to locate in central cities benefits the community, as Black-owned businesses serve a low-income, minority clientele that may be overlooked by major stores (Boyd, 1990). These businesses also hire disadvantaged Black youths, and serve as positive role models of legitimate business enterprise to aspiring Black entrepreneurs.

Black Entrepreneurship

Black entrepreneurship has long been a core element of African American communities. Nembhard (2014) research details that African Americans had “a long, rich history of cooperative ownership,” and “that there has been a continuous thread of cooperative activity and development in Black communities over the past two centuries” (p. 32) that stretched from the antebellum era to the contemporary moment. In addition to documenting African American’s long history of engaging in cooperative enterprise, Nembhard also uncovered a plethora of such businesses. Nembhard discusses mutual aid and benefit societies, what (Pease and Pease, 1974) referenced as “all-Black communes,” worker collectives, insurance companies, joint stock companies, credit unions, buying clubs, and housing co-ops, to name a few.

The incentive for and meaning of self-employment among Black residents has been shown to be more than making a profit, creating a useful product, or providing a needed service (Hodge & Feagin, 1995). While these goals are typically expressed as important and aspirational, Black entrepreneurs also articulate (collective) motivations informed by their group position in a stratified system (Butler & Herring, 1991; Drake & Cayton, 1945; Hodge & Feagin, 1995; Villemez & Beggs,1984). Hodge and Feagin (1995), for instance, described this motivation as the "spirit of enterprise" grounded in the historical tradition of survivorship among African Americans in the United States. The presence of viable business institutions, owned and operated by marginal group members and located within marginalized areas, also have symbolic meaning as they represent collective accomplishment or empowerment for the entrepreneurs, the social group, and the neighborhood.

Additionally, strong support exists for the idea that Blacks score higher on entrepreneurial propensity than Whites (Butler & Herring, 1991; Köellinger & Minniti, 2006; Walstad & Kourilsky, 1998). That is, they possess a strong tendency towards entrepreneurship engagement, marked by a high degree of motivation, interest, and intentions. In fact, the literature supporting differences in entrepreneurial propensity measures as far back as the post-slavery era (Galbraith, Rodriguez & Stiles, 2007). In addition, many people, including Blacks, view entrepreneurship as a key strategy for ending poverty and unemployment in Black slums (Herring, 2004). Moreover, a significant percentage of Blacks have always been grounded in a tradition of selfhelp, education, and entrepreneurship. These beliefs and traditions have been responsible for the creation of Black businesses, educational institutions, and organizations within the Black community (Butler & Herring, 1991). Herring (2004) notes that labor market discrimination and a large degree of aspiration for business ownership among Black Americans is a push factor for Black entrepreneurship and self-employment.

Barriers to Black Entrepreneurship

Despite the enduring patterns of Black entrepreneurship across communities in this country, the scale and stability of these businesses have been consistently compromised. Deep and persistent patterns of racial discrimination resulted in higher loan denials and higher interest rates yielding lower profit margins and limited opportunities to forge economic empires. For example, Kim, Aldrich, and Keister (2006) found that once human capital and education controls are factored in, Blacks become only about 60% as likely as Whites to become nascent entrepreneurs. So, while Black economic history is punctuated by entrepreneurial and self-help practices, Blacks are still highly engaged in nascent entrepreneurship (Köllinger & Minniti, 2006; Reynolds, Carter, Gratner & Greene, 2004) and underrepresented in established business ownership (Fairlie, 2009; Köllinger & Minniti, 2006). The difference is that although they are more likely to attempt to start new ventures, they are less likely to actually launch the new venture compared to other groups in the U.S.

The literature explains that lower net worth, fewer assets, and less access to capital are reasons why fewer Blacks become successful entrepreneurs (Fraser & Greene, 2006; Singh & McDonald, 2004). The literature also shows that Blacks have fewer community lending institutions and social networks who can provide financial aid to new businesses (Bates & Bradford, 2004; Herring, 2004; Rhodes & Butler, 2004; Squires & O'Connor, 2001). Bates (1997) also found that African-American entrepreneurs receive smaller loans and rely more on consumer credit such as credit cards than White entrepreneurs with identical personal characteristics. Consequently, they are more likely to discontinue operations over time due to poor capitalization. Ethnicity has been found to be a factor in mortgage lending which is often a source of initial funding for small firms (Squires & Velez, 1996). Home ownership can be leveraged as collateral to support entrepreneurial ventures. Unfortunately, even after controlling for general risk considerations, such as credit score, loan-to-value ratio, subordinate liens, and debt-to-income ratios, Hispanic Americans are 78% more likely to be given a high-cost mortgage, and Black Americans are 105% more likely (Bayer, Ferreira, & Ross, 2016).

Black entrepreneurs also have fewer informal and formal network contacts for securing key resources and information (Fraser & Greene, 2003). Singh, Knox, and Crump (2008) found that Black entrepreneurs more often than White entrepreneurs recognized entrepreneurial opportunities through externally-stimulated processes, while their White counterparts recognized opportunities through internally-stimulated processes more often than Black entrepreneurs.

> According to Wiklund, Davidsson, Audretsch, and Karlsson (2011) "the externally stimulated process begins with a decision to start, and involves the consideration of several different business ideas. The internally stimulated process starts with the recognition and solution of a self-experienced problem, which proves to be the potential basis for a business" (p. 80).

Singh and Hills' (2003) finding demonstrated that opportunities recognized through internally-stimulated processes are more lucrative than those recognized through externally-stimulated processes. Based on the literature mentioned above it seems that Blacks more often recognize opportunities that are not as lucrative as those recognized by Whites.

Bates and Bradford (2004) found that minority-oriented venture capital (VC) firms do make considerable investments in minority business enterprises (MBEs) and that these firms are earning high yields for doing so. Bates and Bradford (2004) asserted that open access to capital markets helps MBEs thrive and grow. The researchers also suggested that closed and restricted access to capital markets cause MBEs to deteriorate and die. Rogers, Gent, Palumbo, & Wall (2001) also found that firms with less access to loans from traditional sources and minority-owned firms were significantly smaller than their White-owned counterparts. Moreover, the parents of Black entrepreneurs owned and controlled fewer resources than Whites (Fairlie, 2009), and their family members exerted greater restraining influence on the amounts of capital they could use to invest in their businesses (Fraser & Greene, 2006).

This study contributes to the gaps in literature by specifically exploring the representation of certified African American enterprises. These enterprises must apply and qualify for this designation to compete for city contracts. An African American Business Enterprise (AABE) is defined as a business that is an independent and continuing enterprise for profit, performing a commercially useful function, which is owned and controlled by one or more African Americans. These businesses must also be certified by the City of Atlanta as a small business enterprise. Certification or recertification indicate official recognition and approval by the office of contract compliance that a business meets the qualification criteria of an AABE. Certification or recertification relates to qualifications regarding ownership, control, and the applicant's economic disadvantage, not the quality of the service or product. It is also important to note that these enterprises operate in industries that provide commercially useful functions for the public sector. The certification process is complicated and provides a nuanced but necessary assessment to understand how these more established entities cluster across 245 neighborhoods in Atlanta

Black Entrepreneurship and Neighborhoods

This research contributes to Black entrepreneurship literature by examining the association of certified Black firms in neighborhoods. The connection between place and opportunity has formed the bedrock of most recent scholarly research on income inequality and economic mobility. The Brookings Institute (2014) reported the distribution of income inequality among the different states using U.S. Census Bureau data.

> Overall, big cities remain more unequal places by income than the rest of the country. Across the 50 largest U.S. cities in 2012, the top five percent make about 20 times what the bottom 20% earn. The higher level of inequality in big cities reflects that, compared to national averages, big-city rich households are somewhat richer ($196,000 versus $192,000), and big-city poor households are somewhat poorer ($18,100 versus $21,000). (Brookings, 2014)

It is interesting to note that the top ranked cities (Atlanta, San Francisco, Boston, and Miami) with the highest income inequality also reflect increasingly ethnically/racially diverse communities. As such, Reardon (2013) argued that increasing income inequality has contributed to rising levels of residential segregation by income in large metropolitan areas.

Nestled within the infrastructure of place is the construct of neighborhoods and communities. Bowen (1998) defined community as …

> a network of informal relationships between people connected to each other by kinship, common interest, geographic proximity, friendship, occupation, or giving and receiving of services – or various combinations of these. (pp. 3-4)

The various systems in which an individual is located make various and potentially conflicting demands. Melson (1983) argues that cultures, societies, or communities may differ in the "number, complexity, ambiguity, and rate of change of their demands" (p. 154). The sum of shared experiences provides a core anchor of community/neighborhood identity. The Annie E. Casey Foundation's *Race for Results* report (2014c) revealed that "children of color are also more likely to live in areas of high poverty." As such, they have higher exposure to crime, environmental hazards (lead), and other adverse childhood experiences.

A theme common to many discussions of ethnic entrepreneurship is the effect of residential clustering. Whereas some degree of geographic concentration is probably beneficial for certain types of entrepreneurship (e.g. businesses catering to the tastes of a racial or ethnic group), higher levels of residential segregation are likely to be detrimental to entrepreneurial endeavors because of the tendency for segregation to concentrate poverty (Massey & Denton, 1993).

In Atlanta, there are challenges which include struggles around public transportation development, increasing income inequality, and discriminatory lending practices (Federal Financial Institutions Examination Council, 2011). Economic development projects displaced many minority neighborhoods. The 1996 Olympic Games fast-tracked targeted investment into some neighborhoods to speed gentrification

(Bayor, 2000). Additionally, Bayor (2000) provided a detailed analysis of Atlanta's race relation, and its corresponding impact on the physical and institutional development of the city. Despite the city's growth, poverty remains a significant problem, particularly among communities of color. According to The Annie E. Casey Foundation (2015) report, the median income of Atlanta's White American families was more than three times that of Atlanta's African American families ($84,944 vs. $26,605). Even more striking, 80% of Atlanta's African American children live in neighborhoods with a high concentration of poverty, compared to just six percent of White American children.

Neighborhood Characteristics That May Affect Black Entrepreneurship

This descriptive exploratory study examined neighborhood characteristics (jobs, financial security, education attainment, housing and safety) to determine which predictor variables significantly and uniquely accounted for the variance in density of certified Black businesses to the Black population. This section of the paper focuses on five neighborhood characteristics (jobs, financial security, education attainment, housing and safety) in relation to the density of Black entrepreneurship.

Neighborhood Economic Opportunity – Jobs

Given emerging research that asserts that "place matters," the intersection of community and opportunity is undeniable. Chetty, Hendren, and Katz (2016) found that moving to a lower-poverty neighborhood significantly improved college attendance rates and earnings for children who were young (below age 13) when their families moved. These children also lived in better neighborhoods themselves as adults and were less likely to become single parents. While there is still some mobility across classes, most children retain an economic status like that of their parents. More than 60% of those children who grew up in families with incomes in the top fifth of income earners remain in the top two-fifths, while more than 60% of those children who grew up in families with incomes in the bottom fifth remain in the bottom two-fifths (Chetty, Hendren, & Katz, 2015). The probability that a child from the bottom fifth will end up in the top fifth of income earners is only 4.5% in Atlanta but nearly three times higher in San Jose—12.9% (Chetty, Hendren, Kline and Saez, 2014). In short, the geographic location where one grows up matters significantly for where one ends up economically as an adult (Chetty et al., 2014).

Cities and metropolitan regions vary in the proportion of their overall Black populations that are concentrated in the inner city (i.e., Black population density) (Massey and Denton, 1993). Further, as Black population density increases, the densest areas are likely to be within inner cities (Massey & Denton, 1993). Earlier research suggests that Black population density and retail scarcity are positively correlated (Delgado, Porter & Sterns, 2010; Henderson & Welier, 2010). Indeed, Reynolds, Carter, Gartner and Greene (2004) showed that among Blacks, Whites, and Hispanics, the positive relationship between urban residence and nascent entrepreneurship prevalence is strongest for Black men and women. Moreover, Reynolds et al. (2004) found that population density, indirectly through population growth, has a positive and significant impact on prevalence rates for entrepreneurial activity.

Blacks also engage in the informal economy. The informal economy has been labeled a variety of names: the “murky sector,” “urban-traditional sector,” “services sector," "informal sector" (Gang & Gangopadhyay, 1990), "shadow economy" (Kuznetsova, 1998), and "unregistered economy." It has been described as a dynamic actor in the process of economic development, frequently outpacing the growth of the formal modern sector (Gang & Gangopadhyay, 1990).

> The informal economy refers to economic activity that is not statistically recorded, and includes: (a) lawful activity that is concealed or played down by producers in the interest of evading taxes or fulfilling other lawful obligations; (b) unofficial but lawful activity (family enterprises working for their own needs and temporary teams of builders), and (c) legal types of activity that the population engages in illegally, for example, without licenses. (Kuznetsova, 1999)

The informal economy is estimated to account for the following proportions of the following countries' national accounts: two to eight percent for Great Britain, 10% for France, 15% for Italy, 25% for Russia (Kuznetsov & Kuznetsova, 1999), and three to eight percent for the U.S. (Henderson & Weiler, 2010; Smith, 2005). At an even more extreme level, more than half of Peru's population conducts its personal and commercial affairs in the informal sector, owing to excessive bureaucracy and government regulation (Schuck & Litan, 1987).

While there is valuable research on the role of place, segregation and the informal economy, overall, the association between neighborhood economic activity and Black entrepreneurship warrants further research. The stratification of communities (low income, working poor, middle class) and the utility of job centers requires additional analysis of certified Black businesses association with total neighborhood jobs.

Financial Security

Areas of concentrated disadvantage—the neighborhoods with the lowest incomes and highest rates of unemployment and institutional disinvestment—lack adequate resources and financial support. Neighborhood-level poverty results in a weakened ability to maintain basic social control agents. Institutions such as churches, schools, and community organizations struggle to prosper and lose the ability to exercise control over the community (Benson, Roehlkepartain, & Sesma Jr., 2004). The above research demonstrates the value of access to quality services and amenities: housing, schooling, jobs in bolstering family and community outcomes. In contemporary American society, zip codes are predictors of life trajectory.

Neighborhoods have now become crude classifications of status, wealth, opportunity and poverty. Research conducted by Chetty et al. (2014) documented the likelihood of moving out of poverty as a child was based on parents' income and by de facto parents' neighborhood. As such, neighborhoods that are characterized by households with higher median income and living well above the federal poverty level provide a strong consumer base for small businesses. However, businesses catering to neighborhoods with a high concentration of poverty are more susceptible to economic downturns because their consumer base is already quite weak. A structural perspective suggests that some residential segregation may be beneficial to small business formation, but that as segregation increases, it ultimately becomes detrimental to entrepreneurial success (Massey & Denton, 1993). Because minorities tend to have lower incomes, residential segregation typically leads to a concentration of poverty, which limits demand and creates an unfavorable business environment (Massey & Denton 1993).

Building a strong business climate in a community strengthens the necessary community support mechanisms, including educational opportunities, and decreases the barriers to an individual's willingness and motivation to perform a desired behavior (Rothschild, 1999), in this instance to engage in effective entrepreneurial practices. When neighborhood factors provide an environment in which entrepreneurs can interact, entrepreneurial success and the level of business activity (e.g. share of market, gross domestic product, sales volumes, etc.) tend to be higher (Bosma, Hessels, Schutjens, Van Praag, & Verheul, 2012) and the modes of entrepreneurial activity tend to be more diverse (Licht & Siegel, 2005).

Black businesses are often dependent on local customer support. Yet, Herring (2004) attributes consumer refusal to engage in exchange with Black businesses as an impediment to the equal representation of Blacks in entrepreneurship. Rogers, Gent, Palumbo, and Wall (2001) studied central city entrepreneurs and found that 92% of minority owners' customer bases are within the boundaries of the city, compared to slightly less than half of the customer base of White owners. Moreover, the researchers suggest that in resource-constrained Black communities, Blacks are more likely to opt into wage positions over self-employment when jobs are in abundance, and will default into entrepreneurship only when jobs are in decline.

Further, inner city households have under-appreciated buying power. Despite typical lower incomes of inner-city residents in marginalized communities, purchasing power is high. According to Henderson and Weiler (2010), low average household incomes are misleading because households with low income spend more than they apparently earn. Henderson and Weiler (2010) also found that lower income communities in the inner city feature denser housing patterns and limited transportation options to distant suburban malls, which further concentrate spending power. They observed that the informal economy tends to be particularly important in struggling rural and urban populations, and leads to significant undercounting of actual household income. An estimated $1 trillion goes unrecorded in today's informal economy through services such as gardening, childcare, housekeeping, as well as street vending representing most of this income (Henderson & Weiler, 2010). Further research is needed to fully quantify inner city households' buying power, Black businesses' accessibility to broader markets, and the role of mixed income neighborhoods in fostering Black businesses.

Educational Attainment

Educational attainment is another neighborhood characteristic tested to assess its association with Black certified firms. Educational attainment has been positively correlated with earning potential. In an increasingly technologically advanced society, there is a growing demand for credentialed talent that can anticipate the demands of the future economy. Manual laborers who have long toiled to build a robust economy are now challenged to upskill, so they can participate in a competitive labor market. As Carnevale, Smith & Strohl (2010) noted, "Gone are the manufacturing jobs that offered a reliable, decent income, plus benefits and a path to career" (p.11). The loss of these jobs deeply impacts low-income parents who often lack the credentials needed for jobs in emerging sectors. According to the U.S. Census Bureau (2012), nearly 80% of parents of low-income families with children age eight or younger, have no post-secondary degree, which drastically limits their job prospects. The reality is there is a growing skills gap in the United States. The skills gap is further exacerbated by the growing education racial/ethnic education attainment gap. According to PolicyLink's (2012) report, "while forty five percent of all jobs in 2018 will require at least an associate degree, roughly only one in four workers of color have achieved this level of education" (p, 10.)

Although America's communities are increasingly diverse, they are simultaneously segregated. To this end, place is become increasingly racialized in America (Atlanta Regional Commission, 2011; Kirwan Institute, 2008). Residential segregation reinforces the deep variations among school quality. In this context, place sustains failing education systems that produce glaring racial achievement gaps at high costs.

> Auguste, Hancock, and Laboissiere (2009) found that if the United States had closed the racial achievement gap and African-American and Latino student performance had caught up with White students by 1998, the gross domestic product in 2008 would have been up to $525 billion higher. (p. 2)

Reardon (2013) asserts that as high-income families share fewer neighborhoods with middle- and low-income families, there are widening disparities in educational achievements by wealth and income. Yet, most recent research conducted by Hamilton et al. (2015) posits that after controlling for educational attainment, differential earnings persist among racial groups. Therefore, financial security (income) are treated as a distinct predictor category variable and educational attainment is introduced as a third predictor variable to assess its association with certified Black-owned businesses.

Housing

Across the country, efforts to revitalize low-income and public housing are underway as part of large-scale community development initiatives that seek to alleviate poverty and improve neighborhoods. Low-income and public housing residents may experience cumulative trauma resulting from daily stressors of violence and concentrated poverty, as well as historic and structural conditions of racism and disenfranchisement (Collins, et al., 2010). Public housing residents more than twice as likely as the general American population to suffer from gun violence (Department of Housing and Urban Development [HUD], 2000). For many adults, children, and families, these conditions cause chronic stress and overwhelm residents' abilities to cope (Marmot, 2004; Substance Abuse and Mental Health Services Administration [SAMHSA], 2013).

Chetty, Hendren and Katz (2015) provided clear evidence from the *Moving to Opportunity* project that moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who were young (below age 13) when their families moved. The findings imply that offering families with young children living in high-poverty housing projects vouchers to move to lower-poverty neighborhoods may reduce the intergenerational persistence of poverty and ultimately generate positive returns for taxpayers. Living in "high opportunity" communities significantly impacts children's earning potential. In an era of unequivocal residential segregation there is growing income inequality in cities across the United States.

Housing affordability informs neighborhood selection. Connected to housing, is access to public transit and economic opportunity, ushering a wave of transit-oriented development. Porter and Blaxill (1997) emphasized that because of limited resident transportation options and limited local competition, inner city stores frequently offer less selection, higher prices, lower quality, inferior customer service and unappealing ambiance. The researchers estimated that inner city consumers often pay up to 40% more than other urban and suburban shoppers pay for basic grocery items. They also observed that the indignities that inner city consumers endure, spending their hard-earned income, contribute to the alienation from mainstream America that many feel (Porter & Blaxill, 1997).

Porter attributes outsider reluctance to exploit inner-city market opportunities to myths of bad workers, crime, and non-viable markets (2005). Henderson and Weiler (2010) explained that inner city niche markets are hard for outsiders to analyze, and that they need to be viewed as unique market areas. Lack of reliable data and information on the informal economy, obscures the profit potential of inner city areas to outsiders. The result of these conditions is untapped profit potential, of which local entrepreneurs are better positioned to take advantage because of their information asymmetry (Henderson & Weiler, 2010). Housing offers an increasingly relevant neighborhood characteristic that defines the accessibility, desirability, and economic vitality of a given area. The association of certified Black businesses and neighborhood housing provides valuable research to the field.

Neighborhood Safety

Extensive literature has examined the drivers of crime and has offered compelling arguments that crime rates are higher in densely developed areas (Glaesar & Scaredote, 1999). It is also noteworthy that while there is a plethora of research on the causes of crime, much less attention has been devoted to the consequences of crime for cities and patterns of urban development. Prescott and Rockoff (2008) and Rosenthal and Ross (2010) examined the impact on property values when a registered sex offender moves into a neighborhood. Both studies found that property values were significantly reduced within one-tenth of a mile of the sex offender's residence, with sharply attenuated effects beyond that distance. Rosenthal and Ross (2010), also showed that house prices rebounded almost immediately when the sex offender moves out of the area.

Abadie and Dermisi (2008) considered the impact of fear of crime on equilibrium patterns of business locations. They examined how a change in the risk of terrorism affects agglomeration economies in central business districts. Brascoupe, Glaeser and Kerr (2010) define agglomeration economies as "the benefits that come when firms and people locate near one another together in cities and industrial clusters" (p. 1). These findings are broadly consistent with Bollinger and Ihlanfeldt (2003) who found that high local crime rates in Atlanta reduced a neighborhood's share of total employment in the city. Additional survey-based evidence shows business owners report that they take crime into account when deciding how to operate their companies (Burrows, Anderson, Bamfield, Hopkins, & Ingram, 2001; Shury, Speed, Vivian, Keuchel, & Nicholas, 2005). These findings are further supported by Rosenthal and Ross (2010) who also examined the estimated impact of violent crime on the location of business activity and entrepreneurship within individual cities. Their findings indicate that entrepreneurs take violent crime into account when bidding for locations within a city. The role of neighborhood safety in fostering thriving and economically vibrant neighborhoods has offered limited research. Further studies that directly assesses the association between neighborhood safety and small businesses, primarily Black-owned enterprises will offer significant contributions to the existing literature.

Density

This dissertation study looks at the association of key neighborhood characteristics with proportional representation of certified Black business to the Black population. As such, this dissertation research introduces the construct of "representative density" as a sociological construct to assess if this construct significantly relates to neighborhood total jobs, financial security, education attainment, housing and neighborhood safety. For much of its history, Atlanta was described as a biracial (White and Black) city. In the 1980s, the ethno-racial landscape of the region began to change as private relief agencies resettled refugees from Asia, Afghanistan, Ethiopia, and Europe (Atlanta Regional Commission, 2010). Atlanta's booming economy also drew large numbers of documented and undocumented immigrants from Latin America, the Caribbean, the Middle East, and Africa. Between 2000 and 2010, the population of Metro Atlanta grew by one million people and the Atlanta Regional Commission (2010) reported the region was the third fastest growing region in the U. S. between 2000 and 2010 and that 90% of the population growth in Metro Atlanta was due to minority population growth (US Census Bureau, 2010). As a substantial portion of the city's new residents are young White Americans, this growth has resulted in significant demographic change: while African Americans made up nearly two-thirds of all city residents in 1990, they now account for just slightly more than half (54%). Of the remainder, 38% are White American, five percent are Hispanic or Latino American, and three percent are Asian American.

Geographic density is the average population per unit area. Ethnic density is used to measure the proportion of that ethnic group from the overall population in a specific unit area (Squires & Kubrin, 2005). A high level of ethnic geographic density is a good indicator for the location and "clustering'' of ethnic enclave residence and enclave enterprises (Squires & Kubrin, 2005). The case for density positively influencing ethnic enclave development was discussed by Evans and Leighton (1989), who demonstrated that ethnic market size (i.e., the size of an ethnic population) encourages business ownership. Light and Gold (2000) included clustering as one of the primary factors, along with overall numbers, organization, and political influence, that affect an ethnic or racial group's market power in certain workplaces, occupations, or industries. The ethnic geographic density variable also acts as a "global variable" that controls for ethnic labor market activity outside the enclave (see Sanders & Nee, 1987). Pockets of high ethnic density may exist outside the primary enclave location and exhibit characteristics of the ethnic enclave economy. The ethnic geographic density variable will detect areas of high density that exist outside of the enclave.

This type of global variable is therefore valuable and theoretically relevant for micro-level analyses (Lazarsfeld & Menzel, 1969). Light and Gold (2000), discussed why it is important to address the "interactionism" that determines the sectoral distribution of ethnic and racial groups. Supply and demand factors interact to determine the economic outcomes of ethnic or racial groups within specific locales. This interaction determines, at least in part, why certain groups have different economic outcomes in different places (Squires & Kubrin, 2005).

The analysis of ethnic economic enclaves provides an interesting addition to traditional business density models. The density dependence model was originally developed in a technical report by Hannan (1986), who asserted that several population processes are a function of the actual size of the population itself. The density dependence model asserts that population density is directly related to two underlying processes: legitimation and competition (Wood & Landry, 2008). Both underlying processes are thought to play an important role in the establishment and survival of new ventures. Legitimacy is thought to be positively related to density, such that as the number of firms in a population increases, the population is seen as more legitimate (Wood & Landry). Once density reaches a certain point, the effects of increased competition begin to dominate and adding new firms results in a fierce battle for resources and niche space (Wood & Landry). Thus, ecologists often argue that at very high levels of density the incentive to start a new venture is likely to be very low (Aldrich & Waldinger, 1990; Sarasvathy, Dew, Read, & Wiltbank, 2008). This leads to the conceptualization that the relationship between density and the rate of new firm foundings is an inverse U- shaped pattern (Singh & Lumsden, 1990). From the rates perspective, organizational ecology-based theories speak directly to the issues of resource availability, legitimacy, and competitive dynamics and their effects on new venture creation (Hannan & Freeman, 1989).

Ecology models suggest that founding rates, dissolution rates, and population density may influence the likelihood that entrepreneurs will launch new ventures within a given population (Hannan & Freeman, 1989). Ecology theorists make the conceptual argument that when population-level signals indicate a scarcity of resources, a lack of legitimacy, or intense competition, entrepreneurs are more likely to have negative assessments of opportunities within this population (Wood & Landry, 2008). It is important to note that the relationship between population level factors and entrepreneurial behavior is merely implied, and not directly addressed, within the ecology literature (e.g., Barnett & Freeman, 2001).

Collectively, the conceptual and empirical literature on the ecology-based factors of population density, founding rates, and dissolution rates point to a relationship between population rates and entrepreneurial activity (Wood & Landry, 2008). However, this literature is focused on macro-level trends and does not specifically investigate the relationship between population-level conditions and entrepreneurs' decisions to invest in an entrepreneurial opportunity (Wood, 2009).

This study examines how socio-economic neighborhood conditions associate with certified Black businesses representative to the Black population. Wagner (2009) contributed to the overall Black entrepreneurship literature by evaluating areas that account for differences among American cities in overall rates of Black businesses on a per Black population basis. The research provided a quantitative analysis of 233 U.S. cities and tested which variables played a significant role in predicting rates of Black business. This dissertation research will build on Wagner's earlier work by examining neighborhood-level factors (total jobs, financial security, education attainment, housing and safety) that predict the representative density of certified Black businesses.

Theoretical Framework:

Theories of Neighborhood Redevelopment and Community Change

Overall, the role of businesses in fostering competitive local economies have been a core feature of community economic development, neighborhood redevelopment and community change. The evolution of the corresponding theories offers a framework to assess the opportunity and unintended consequences of the corresponding development strategies. Ample scholarship has attended to institutional and political factors surrounding de-industrialization, which resulted in the loss of inner-city jobs and the restructuring of work during the 1970s and 1980s and its effect on inner-city conditions (Bluestone & Harrison,1982; Hirsch, 2009; Kasarda, 1989; & Sugrue, 1996). In terms of re-industrializing inner cities, both public and private sector rhetoric extols the possibilities of "economic development." However, contemporary economic development or redevelopment has pressured localities to prioritize corporate-centered development over small business models, as large projects purport to confer tax revenues and jobs in the region and locality. Localities are encouraged to be "entrepreneurial" and leverage political capital to secure limited economic resources (Beauregard, 1993; Squires, 1989).

Nevertheless, conventional economic development tends to emphasize market models that rely on large corporate capital investments over small business development, which has exacerbated tensions between capital and community and created heated contests for prime urban real estate on numerous occasions. Beauregard (1993) and others have illuminated the paradox of economic development that often manifests itself in entrepreneurial cities. The backlash to (conventional) economic development typically calls for more transparent, inclusive, community-centered development which offers central components of the community building philosophy (Sutton & Kemp, 2006). This type of development is more recently coined “extractive development” that does not lead with community, residents and stakeholders, and therefore facilitates an imported labor market.

Conventional Economic Development

This dissertation research examines the association of neighborhood characteristics with certified Black businesses. As such, this work contributes to the field of community economic development. The term “economic development” has been broadly used, often applying various intentions, processes and inevitably impact. The MIT Dictionary of Modern Economics (1992) defines economic development as the process of improving the standard of living and well-being of a population by raising per-capita income. According to Reese and Fasenfest (2004), the "economic" part of the concept has traditionally implied private capital investments and business growth. The term "development," on the other hand, typically refers to economic expansion, growth, market efficiency, or positive effects for private enterprise (Bartik, 1994).

However, in some instances, a normative conception of development is employed to mean improved outcomes and capacities for residents (Beauregard, 1993). In the phrase "conventional economic development," the word "conventional" refers to the contemporary logic of economic development that "dominates public perception, political debate, and policy initiative" (Beauregard, 1993, p. 270).

Porter’s (1995) thesis fits squarely within conventional economic development as defined above. Porter (1998) hypothesized that companies based in inner cities could achieve a distinct competitive advantage over suburban and other rivals because of certain characteristics of inner city communities. These characteristics are: centrality and proximity to transportation nodes, availability of labor, and unmet local market demand (Porter, 2005). With greater dependency and use of public transit, inner-city residents more often use available retailers such as drug stores or smaller grocery stores to fulfill shopping needs (Low, Henderson, & Weiler, 2005; Porter, Schwab, & Sachs, 2004). Porter also implied that racial minorities with significant human capital hold promise as inner-city entrepreneurs and logical brokers to mitigate capital and community tensions. Porter’s thesis is aligned with conventional economic development in its emphasis on people-based strategies such as job creation and on the success of individual entrepreneurs (Sutton, 2006).

In recent years, not-for-profit organizations (e.g. community development corporations) and public-sector officials have adopted Porter-style economic growth strategies as the most efficient and viable option for recapitalizing and revitalizing inner-city localities (Sutton, 2006). Robertson (1997) and others asserted that private capital-led development strategies, which result in the production of national retail chains, sports stadia, or convention centers, have become strategies of choice for downtown revitalization. In some instances, these strategies have produced necessary amenities (e.g. grocery stores, pharmacies) for otherwise disinvested areas. However, these strategies have been criticized for diminishing the capacity and visibility of the small business sector as an engine for urban reform (Sutton, 2006). Additionally, the economic opportunities created in the retail sector often result in saturation of low-wage jobs, which are juxtaposed with rising housing costs, making these communities vulnerable to further gentrification and displacement.

Too often, economic development authorities attract Fortune 1000 companies that import their top talent, resulting in marginal opportunities for residents. Also, local areas may experience residential displacement when there is aggressive economic development in the absence of safety net strategies to preserve affordable housing (Blair, 1995).

Alternative Economic Development Strategies

Conventional approaches to economic development have been criticized by academics and practitioners (Mele, 2000; Smith & Haddad, 2002). It has been argued that capital interests emphasized within conventional approaches often displace or overshadow small business and community-led ventures (Beauregard, 2003). The term "neoliberal" has been used to capture a shift in the ideology that frames development discourse and shapes material outcomes in urban localities (Sutton, 2006). Neoliberal development differs from previous iterations of development in its shift away from social-welfare concerns, or from the utilization of public-sector resources to help improve and empower the poor, toward market models or an emphasis on private-sector capital interests (Newman & Ashton, 2004; Smith, 2002). Instead of a primary focus of supporting the broader community, public-sector resources (e.g. land, capital, regulatory environment, public rhetoric) are allocated to targeted neighborhoods and combined with private-sector capital (Sutton, 2006) to yield higher returns.

Redevelopment aims, within a neoliberal environment, are often cloaked in the rhetoric of "creating social balance" (Newman & Ashton, 2004). However, the creation of a just and inclusive economy is often found to be less of a concern than it was under earlier economic development paradigms. A spate of literature focuses on ways in which neoliberal development has put pressure on localities to be "entrepreneurial" and compete for economic resources and political power (Jessop, 1998; Squires, 1989). Advocates of neoliberal pro-growth approaches have compelled local leaders to increasingly prioritize big-business-friendly policies and growth-oriented strategies over social services (Squires, 1989).

Community Change

A third and more community-centered development strategy offers a more intentional focus on fostering economic inclusion. Instead of extractive development practices that readily displace residents with an imported labor pool, community change offers to intentionally connect existing residents with emerging economic opportunities.

Atlanta presents an interesting case study, characterized by a saturation of several place-based strategies across the city, defined by neighborhood level geographic boundaries.

Atlanta reflects DeFilippis and Saegert's (2008) definition of communities as places for interdependence where people and institutions connect, but they also can serve as barriers if they do not connect across neighborhoods and networks. Yet, within increasingly diversified communities, the absence of connections to emerging redevelopment efforts provides limited opportunities for people to bond and build a shared identity. This often results in a mono-cultural economic development approach, which leads to inequitable practices and outcomes. Holliman (2010) discussed how Federal programs in Atlanta, including Community Development Block Grants, Empowerment Zones, Renewal Communities, and HOPE VI, provided funding for "urban renewal" efforts. Unfortunately, federal tax guidelines allowed local government to displace minority communities (Holliman, 2010).

Some economic and social changes negatively affect communities where high rates of poverty are concentrated in neighborhoods with crumbling infrastructure. The pressures of gentrification and displacement have become an added element in the toxic stress that exacerbates community trauma in poor inner-city, and suburban, communities. Blankenship (1998) pointed out that such resources are, like adverse experiences, not evenly spread. Indeed, those communities that experience the most adversity also tend to have the least access to the resources needed to transform the adversity (Blankenship, 1998).

With the rapid pace of gentrification across American cities, community change has become a core part of economic development. Rothman's (1995) models of community change include social policy planning, social action and social mobilization. The community action approach is considered a conflict perspective, as it supports community members to organize themselves to redress imbalances in power and the distribution/access of resources (Rothman, 1995). Community action hinges on empowerment, serving as a power-coercive approach to change. Community/locality development usually involves self-help through mobilization of local resources and it resembles normative re-educative change.

Community change emphasizes indigenous knowledge to offer mechanisms to organize for change and local technologies to enable change. Community mobilization supports programs that may be externally designed but which require community members to contribute to resources. The Annie E. Casey Foundation (n.d.) defines community change as changes and innovative approaches to policies and practices in areas such as housing, economic, and community development and financing that can help revitalize disinvested communities. Innovative policies, practices in housing, development, and financing can revitalize disinvested communities.

Many community economic development initiatives have incorporated comprehensive approaches to change that have often included local control of land acquisition, rezoning, housing and business development (Giloth, 1988; Kelly & Hosking, 2008; Kelly, Snowden, & Munoz,1977). Today's community-building movement mirrors the early community economic development philosophy of comprehensive indigenous development shaped by local control (Kingsley, McNeely & Gibson, 1997; Kubisch, Fulbright-Anderson, & Connell, 1998). Community-building incorporates some dimensions of the community development movement popularized during the 1960s and 1970s as a process-driven approach to foster democratic civic engagement and local ownership (Kingsley, McNeely, & Gibson, 1997). Additional aims of community building include bolstering local capacity, establishing social capital in the community, and valuing racial equity, economic justice, and respect for local culture and history (Kubisch, Fulbright-Anderson, & Connell, 1998).

However, the rhetoric of community inclusion, while important, does not address the capacity of local actors to manage power asymmetries and strategically engage in decision-making processes (Fainstein, 2005). Forester (1994) described tensions surrounding the inclusion of community voices in planning and development:

> Notions of interest and community are politically shaped, not only by planners' imaginations, but by who speaks and who does not, who attends meetings and who does not, which interests have articulated and effective advocates and which do not. He goes on to argue that both "community" and "interests" are constructed and reconstructed through political and contextual currency. (p.154)

The elusive meaning of "community" and the subordination of local benefits to extra-local needs point to the need for the intentional design of mechanisms and coherent strategies to protect insiders' interests (Sutton, 2006). While geographic boundaries have been used to define neighborhoods, residents' sense of belonging and identity is tied to social connections. Neighborhood change has been largely examined through the viewpoints of residents, housing markets, and community-based organizations, as opposed to those of local small business owners (Sutton, 2006).

Summary

The racial wealth divide persistently compromises America's full economic potential. Overwhelming research continues to demonstrate that fostering and scaling Black entrepreneurship can significantly reduce the racial wealth gap, while simultaneously reducing Black unemployment. While there has been substantial research on minority entrepreneurship, there is less emphasis on the relationship between neighborhood factors and Black entrepreneurship. This research offers a unique contribution to provide a comprehensive analysis of the association between neighborhoods characteristics and certified business enterprises across 245 neighborhoods in Atlanta.

Altogether, this detailed review of the literature reveals the need to address the following research questions:

1. How are the total jobs within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)?
2. How is residential financial security (income) within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)?
3. How is residential education attainment (Bachelor's degree or higher) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

4. How is neighborhood housing (cost burden) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?
5. How are neighborhood safety characteristics (burglary, auto theft, and violent crimes) associated with the proportion of certified Black-owned businesses to the Black population (representative density)?

Chapter 3 describes the specific methods used for the study, including the research methodology, study procedures, measures, approach to analysis, and threats to validity.

CHAPTER THREE

RESEARCH DESIGN - METHODS AND PROCEDURES

Study Design

This study employed a cross-sectional correlation design to examine the relationships between socio-economic neighborhood characteristics and the density of certified Black businesses. This dissertation significantly contributes to the Black entrepreneurship literature in the American South by providing neighborhood-level analyses of key economic and social characteristics that foster Black business ownership, through the study of Atlanta's 101 Neighborhood Statistical Areas (NSAs). The study explored the role of jobs, education attainment, financial security, housing, and safety in fostering certified Black businesses. Atlanta has a total of 245 smaller neighborhoods. The following chapter details the analyses and the proposed five study hypotheses and corresponding research questions which are detailed in Table 3.1.

Data Sources

Data Source for Predictor Variables

Neighborhood Nexus is a community information system resource that uses the latest technology and expertise to provide accurate, up-to-date data and research about the Atlanta region's communities and neighborhoods. Data are publicly accessible through NeighborhoodNexus.org. The site provides community analytics through tools such as Weave, as well as mapping that allows the data to be sorted down to the neighborhood (i.e., census tract) level. The neighborhood statistical area (NSA) designations are made up of Census tracts, which consist of block groups. [1]

This online community intelligence system was created with the goal of supporting a regional network of leaders and residents, government and businesses, advocates and service providers with information and tools to meet challenges, leverage assets, and create opportunity. The system houses more than 700 categories of demographic indicators, which include over 5,000 variables. Data from the U.S. Census Bureau (2012) are cross-referenced against state and regional information from sources such as the Georgia Department of Education, the Georgia Department of Labor, and the Atlanta Regional Commission. Data are aggregated in "quality of life" categories that include health, wealth, safety, and other indicators that are relevant to community decision-makers. The major data sources included the Census Bureau's 2008-2012 American Community Survey (ACS) 5-year estimates and follow precisely the order, format, and content of the ACS-based fact sheets available via the Census Bureau's American Fact Finder online system. Other data sources included the Atlanta Police Department and Housing and Urban Development.

[1] The Census Bureau reports most of the data used in this study at the census block level, a very granular level of geography. However, some data are reported only for census tracts, which are generally much larger. Because the geographic areas in this report are built from blocks, data reported only for tracts must be re-estimated to the block level. The Neighborhood Statistical Areas identified assign tract-level data to blocks based on the proportion of the tract population residing within each block comprising that tract.

Data Sources for Outcome Variable

Certified businesses data were accessed through the City of Atlanta's Office of Contract Compliance (OCC), which serves as a liaison, linking small, minority, female and disadvantaged businesses with City of Atlanta related business opportunities and encourages equal opportunity for all businesses and individuals in the Atlanta area. The data for OCC's real-time registry of vendors are stored on the PRISM Compliance Management portal, secure, web-based portal. To secure business data at the address level, OCC provided technical assistance to query data from PRISM. Once the data were queried, they were then exported to an excel spreadsheet for further data preparation.

Sample

The sample for this study consisted of 101 Neighborhood Statistical Areas (NSAs), which make up 245 smaller neighborhoods across Atlanta. Neighborhood Nexus defined Neighborhood Statistical Areas (NSAs). These areas: (1) are built from census blocks, (2) nest within Neighborhood Planning Units, (3) have a minimum population of 2,000, (4) are comprised of either a single large neighborhood or a set of contiguous smaller neighborhoods and adjacent territory that is not part of a neighborhood, and (5) assign all territory within the city limits to one, and only one statistical area.

The larger geographic boundary of 25 Neighborhood Planning Units (NPUs) make up the city of Atlanta, each of which is comprised of a set of contiguous neighborhoods. The NPU system has its origins in the 1974 Citizen Involvement Ordinance, which created these areas for engaging in comprehensive planning matters affecting the livability of neighborhoods. NPUs are geographic neighborhood boundaries, with each having a citizen advisory council that make recommendations to the City Council on zoning, land use, and other planning issues. Each planning unit includes five to 22 smaller neighborhoods. Atlanta's NPU system provides a unique frame and opportunity to compare neighborhoods.

Research Measures

Dependent Variable

The dependent variable was the proportion of certified Black businesses to the Black population. This ratio was created by dividing the number of certified Black businesses within NSAs by the Black population size and multiplying the decimal by 1,000.

Predictor Variables

The predictor variables were derived from Neighborhood Nexus. They were all calculated for neighborhood statistical areas and comprise the following five categories.

Neighborhood jobs. This variable measures the number of total jobs at the neighborhood statistical area for 2010.

Financial security. This predictor variable assessed financial security, namely income. Median household income measured income of all members of the household, even those who do not earn income. The median household income was used as opposed to the average household income so that both extremely high and extremely low income did not distort the total amount of income earned by households in an area.

Educational Attainment. The variable that was used to assess educational attainment was the percentage of residents who had completed, graduated, or received a Bachelor degree in each neighborhood statistical area. Bachelor degree was used as the threshold as 48% of City of Atlanta residents have a bachelor degree or higher.

Housing. The variable that was used to assess housing was the percentage of units where owner costs were 30% or more of income, which is a measure of affordability used by Housing and Urban Development (HUD) and other agencies to define cost-burden households.

Safety. The fifth category of predictor variables assessed safety and included three variables: (1) rates of auto theft, (2) rates of burglary, and (3) rates of violent crimes in 2010. All crime data were sourced from the Atlanta Police Department. Violent crime included incidents of homicide, rape, aggravated assault, and robbery. These incidents are calculated per 1,000 residents in the neighborhood to allow for comparison across areas.

Approach to Analysis

This research was based on quantitative analysis of secondary data. First, descriptive statistics were computed for each study variable. Second, bivariate associations were examined among all of study variables using correlational analyses. Bivariate correlations were used to test for potential multicollinearity among the predictors to determine if two or more variables were measuring the same construct. This would be problematic in the planned multiple regression analyses. Bivariate correlations were used to identify variables that were highly co-linear. Variables with a correlation above .60 were used cautiously. If a variable had a correlation with another variable above .80, multicollinearity was also evaluated by using the collinearity statistics and diagnostics generated with the multiple regression analyses.

Further, bivariate correlations were used to explore associations between the predictor variables (i.e., neighborhood characteristics assessing jobs, financial security, education, housing, and safety) and the outcome variable (i.e., density of certified Black businesses to the Black population).

Third, multivariate regression analyses were conducted for those neighborhood predictor categories that have more than one measure (i.e. safety) to determine which variable or variables within each predictor category was uniquely associated with the outcome variable. Fourth, variables that retained significance were used in a final multivariate model to determine which predictor variables significantly and uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine, how much variance this set of predictors accounted for in the study.

The data were entered and analyzed using IBM SPSS statistics software version 23 (IBM Corporation, 2015). Data analysis began with data preparation.

Data Preparation

Prior to addressing the research questions and testing study hypotheses, several data preparation steps were undertaken to ensure the data met the necessary criteria for carrying out statistical analyses. Data were queried and exported from existing databases (Neighborhood Nexus and PRISM) to create a new merged dataset to include both neighborhood characteristics and corresponding business data.

Neighborhood Nexus

Data were first queried from Neighborhood Nexus. The online database was accessed by using an open table panel to select predictor categories of interest. Once the predictor categories (jobs, financial security, education attainment, housing, and safety) were selected, then corresponding variables were also selected. After all variables of interest were included in the table, the data were exported in a Comma-Separated Values (CSV) file.

PRISM

To obtain the city's real-time registry of vendors, the City of Atlanta's Office of Contract and Compliance website was accessed to attain business records (name, minority designation and address). The PRISM online portal is directly linked to the city's site. Firms with African American Business Enterprise (AABE) designation were selected. Once the firms were queried and results were generated, an additional filter was applied to include addresses. The final results were exported into a CSV file, which stores tabular data (numbers and text) in plain text. Each line of the file is a data record. Each record consists of one or more fields separated by commas. The use of the comma as a field separator is the source of the name for this file format.

Data Cleaning

The CSV business directory file was converted to a Microsoft Excel file in which the addresses were manually reformatted to ensure both internal consistency and compatibility with ArcGIS's (ESRI, 2000) geocoding function. In its initial format, the address field had the full address in one column – street number, street name, city, state, and zip code. The address information was disaggregated into separately labeled columns. The updated file with disaggregated address columns was created as a CSV file. An organizational partner, Prosperity Now, which had ArcGIS software, used the tool, with the business address CSV file as an input. The file was manually corrected to ensure businesses were matched to corresponding locations, all using ArcGIS's geocoding service, to save the mapped addresses as a shapefile.

The shapefile format is a popular geospatial vector data format for Geographic Information System (GIS) software. Prosperity Now then uploaded a shapefile of Atlanta neighborhoods, accessed through the City of Atlanta's Open Data website. Using the shapefile of Atlanta neighborhoods, Prosperity Now used ArcGIS's spatial join function, with the geocoded address shapefile as the joining file. In effect, the spatial join allowed one to append a basic count of joining file observations (i.e., individual business addresses) to the attribute data of each neighborhood, thus providing a count of businesses in each Atlanta neighborhood. This step was repeated after filtering the business address file for various racial and ethnic groups, to get a count and concentration of Black-owned, White-owned, Latino-owned, and other businesses in Atlanta neighborhoods.

Merging Datasets

To compile Small Business Enterprise (SBE) data at the neighborhood level, the addresses were geocoded and converted to corresponding census tracts. The business count file was disaggregated by race/ethnicity for each given Neighborhood Statistical Area. Once this was completed, the business data were combined with the other neighborhood indicators (jobs, financial security, housing, education, and safety) with existing Neighborhood Nexus sourced predictor variables to create a master file for statistical analyses. The data points were all combined and then the Excel spreadsheet was converted to a SPSS file.

Table 3.1. *Research Questions and Hypotheses*.

Research Questions and Hypotheses	**Statistical Analyses**	**Research Variables**
RQ1: How are the total jobs within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)? H1: The number of total neighborhood jobs will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.	Bivariate Correlation Bivariate Linear Regression Analysis	Predictor Variable: <u>Total Jobs</u> Dependent Variable: Proportion of certified Black businesses to Black population
RQ2: How is residential financial security (income) within a neighborhood associated with the proportion of certified Black-owned businesses to the Black population (representative density)? H2: Median household income will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.	Bivariate Correlation Multivariate Regression	Predictor Variable: <u>Income</u> Median household income Dependent Variable: Proportion of certified Black businesses to Black population
RQ3: How is residential education attainment (Bachelor's degree or higher) associated with the proportion of certified Black-owned businesses to the Black population (representative density)? H3: The percentage of residents with a Bachelor's degree or higher will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population	Bivariate Correlation Bivariate Linear Regression Analysis	Predictor Variable: <u>Bachelor's degree or higher</u> Dependent Variable: Proportion of certified Black businesses to Black population

Research Questions and Hypotheses	**Statistical Analyses**	**Research Variables**
RQ 4: How is neighborhood housing (cost burden) associated with the proportion of certified Black-owned businesses to the Black population (representative density)? H4: The percentage of units where owner costs are 30% or more of income will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population.	Bivariate Correlation Multivariate Regression	Predictor Variable: Cost-Burden: Owner costs are 30% or more of income Dependent Variable: Proportion of certified Black businesses to Black population
RQ 5: How are neighborhood safety characteristics (burglary, auto theft, and violent crimes) associated with the proportion of certified Black-owned businesses to the Black population (representative density)? H5A: The rate of auto theft will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population. H5B: The percentage of burglary will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population. H5C: The percentage of violent crimes will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population.	Bivariate Correlation Multivariate Regression	Predictor Variable: Auto theft Burglary Violent crimes Dependent Variable: Proportion of certified Black businesses to Black population

CHAPTER FOUR

RESULTS

Descriptive Statistics

Descriptive statistics were used to give distributions and summary statistics (mean, standard deviation) for study variables. The total number of 101 Neighborhood Statistical Areas (NSAs) were analyzed, which represented a total population of 420,003 residents in 2010. Each neighborhood statistical area population size ranged from 1,898 to 16,218 residents. Table 4.1 provides a detailed review of descriptive statistics that were generated.

Bivariate Analyses

Bivariate associations were examined among all study variables using correlational analyses. Additionally, bivariate correlations were used to test for potential multicollinearity among the predictors. Table 4.2, shows the bivariate correlations among all the predictor variables.

Table 4.1. *Demographic Characteristics of Neighborhood Statistical Areas (NSAs).*

Demographic Characteristics	**Sum**	**% or Mean (SD)**
White	152,377	36.20%
Black	224,316	53.29%
Latino	21,815	5.18%
Asian	13,213	3.14%
Other	8,282	1.97%
% Foreign born	706.2	6.99
% Population under 19	2,455.9	24.32%
% Population 20-34	2,833.6	28.06%
% Population 35-44	1,466.3	14.52%
% Population 45-64	2,264	22.42%
% Population over 65	1,080.8	10.7%
Total jobs, 2010	374,657	3,673.11
Median household Income	5,260,293	52,082.11
% Population in Poverty	2,577.4	25.52%
% Unemployed	1,441.4	14.27%
% Bachelor's Degree or higher	4,260.9	42.19%
% Vacant Housing units	2,100	20.79%
% Units where owner costs at least 30% of income	3,781.8	37.44%
% Owner occupied housing at least $300k	2,783	27.56%
% Auto Theft, 2010	1,499.1	14.70%
% Burglary, 2010	2,643.5	25.92%
% Violent Crimes, 2010	1,376.7	13.5%

Table 4.2. Significant Correlations Between Neighborhood Factors and Black Business Density.

	Total Jobs	Median HH Income	% BA or higher	% owner cost at least 30% of income	% Auto theft	% Burglary	% Violent crime
Total Jobs	1						
Median HH Income	.04	1					
% BA or higher	.13	.83**	1				
% owner costs at least 30% income	-.07	-.40**	-.40**	1			
% Auto theft	-.16	-.31**	-.31**	.02	1		
% Burglary	-.36**	-.15	-.42**	.07	-.06	1	
% Violent Crimes	-.13	-.70**	-.82**	.48**	.13	.36	1

* $p < 0.05$, ** $p < 0.01$

Bivariate correlations were used to explore associations between the predictor variables i.e. neighborhood characteristics assessing (jobs, financial security, education, housing, and safety) and the outcome variable (i.e., density of certified Black businesses to the Black population) as shown in Table 4.3.

Table 4.3. *Neighborhood Bivariate Correlations with Outcome Variable.*

Predictor Categories	Variables	Black Business/Black Population Ratio
Neighborhood Jobs	Total jobs, 2010	.46**
Residents financial security	Median Household Income	.51**
Education attainment	Bachelor’s degree or higher	.48**
Neighborhood Housing	% units where owner costs are > 30%	-.22**
Safety	% Auto Theft	-.35**
	% Burglary	-.40**
	% Violent Crimes	-.43**

** $p < 0.01$

Research Hypothesis Testing

Hypothesis 1

The first research question explored the association between total jobs within a neighborhood and the proportion of certified Black-owned businesses to the Black population (representative density).

H1: The total number of neighborhood jobs will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.

Hypothesis 1 was tested first using a bivariate linear regression analysis to explore the association between the predictor variable (total jobs) and the outcome variable (representative density of certified Black businesses to the Black population). Based on the analysis, total jobs was significantly associated with a higher density of certified Black businesses to the Black population, as seen in Table 4.4. The results showed that the overall model was significant, $p < .001$, explaining 20.7% of the variance in the outcome variable (representative density of certified Black-owned businesses). Since this predictor variable (total jobs) was significant, it will be retained for the final multivariate model to determine which variables uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine how much variance this set of predictors accounted for in the outcome variable.

Table 4.4. *Total Jobs Regression Model.*

Predictor	B	*SE B*	*β*	P
Total Jobs	.000270	.000052	.46	<.001
R^2 =		.215		
Adj. R^2 =		.207		
F =		27.08		
df =		99		

Hypothesis 2

The second research question explored the association between residents' financial security (median household income) and the proportion of certified Black-owned businesses to the Black population (representative density).

H2: Median household income will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.

Hypothesis 2 was tested first using a bivariate linear regression analysis to explore the association between the predictor variables (median household income) and the outcome variable (representative density of certified Black businesses to the Black population). The results in Table 4.5, showed that median household income was significantly associated with a higher density of certified Black businesses to the Black population, as seen in Table 4.5. The results showed that the overall model was significant, $p < .001$, explaining 24.8% of the variance in the outcome variable (representative density of certified Black-owned businesses). Since this predictor variable (median household income) was significant, it will be retained for the final multivariate model to determine which variables uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine how much variance this set of predictors accounted for in the outcome variable.

Table 4.5. *Financial Security Regression Model.*

Predictor	**B**	***SE B***	***β***	**P**
Median Household Income	9.844E-5	.000017	.51	<.001
R^2 =		.256		
Adj. R^2 =		.248		
F =		34.03		
df =		99		

Hypothesis 3

The third research question explored the association between residents' educational attainment (bachelor's degree or higher) and the proportion of certified Black-owned businesses to the Black population (representative density).

H3: The percentage of neighborhood residents with a Bachelor's degree or higher will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.

Hypothesis 3 was tested firstly using a bivariate linear regression analysis to determine the association between the predictor variables (bachelor's degree or higher) and the outcome variable (representative density of certified Black businesses to the Black population). As shown in Table 4.6, the results indicated that the overall model was significant, $p < .001$, explaining 21.8% of the variance in the outcome variable (representative density of certified Black-owned businesses). Since this predictor variable (bachelor's degree or higher) was significant, it will be retained for the final multivariate model to determine which variables uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine, and how much variance this set of predictors accounted for in the outcome variable.

Table 4.6. *Education Regression Model.*

Predictor	B	*SE B*	*β*	P
Bachelor's degree or higher	.13	.024	.48	<.001
$R^2 =$		.226		
Adj. $R^2 =$		.218		
F =		28.96		
df =		99		

Hypothesis 4

The fourth research question explored the association between housing (cost burden) and the proportion of certified Black-owned businesses to the Black population (representative density).

H4: The percentage of housing units where owner costs are 30% or more of income will be significantly positively associated with the proportion of certified Black-owned businesses to the Black population.

Hypothesis 4 was tested firstly using a bivariate linear regression analysis to determine the association between the predictor variable (percentage of units where owner costs are 30% or more of income) and the outcome variable (representative density of certified Black businesses to the Black population). As illustrated in Table 4.7, the results indicated that the overall model was significant, $p < .05$, explaining 3.7% of the variance in the outcome variable (representative density of certified Black-owned businesses). Since the predictor variable was significant, it will be retained for the final multivariate model to determine which variables uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine, and how much variance this set of predictors accounted for in the outcome variable.

Table 4.7. *Housing Regression Model.*

Predictor	**B**	***SE B***	***B***	**P**
% unit where owner costs 30% or more of income	-.16	.07	-.22	.03
R^2 =		.047		
Adj. R^2 =		.037		
F =		4.86		
df =		99		

Hypothesis 5

The fifth research question explored the association between safety (burglary, auto theft, and violent crime) and the proportion of certified Black-owned businesses to the Black population (representative density). Given there are three measures embedded in this research question, multivariate regression analysis was conducted to determine which variable or variables within the predictor category (safety) was uniquely associated with the outcome variable proportion of certified Black-owned businesses to the Black population.

H5A: The percentage of incidents of auto theft within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population.

H5B: The percentage of burglary incidents within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population.

H5C: The percentage of violent crimes within a neighborhood will be significantly negatively associated with the proportion of certified Black-owned businesses to the Black population.

As shown in Table 4.8, the results revealed that the overall model was significant, $F (3, 97) = 14.37$, $p < 0.01$, explaining 28.6% of the variance in the outcome variable. Among the variables, auto theft was a significant predictor of the proportion of certified Black-owned businesses to the Black population, $\beta = -.29$, $p <. 001$. Burglary also was a significant predictor of proportion of certified Black-owned businesses to the Black population, $\beta = -.23$, $p <. 01$. Violent crime also was a significant predictor of proportion of certified Black-owned businesses to the Black population, $\beta = -.29$, $p <. 002$.

Since each of the predictor variables (auto-theft, burglary and violent crimes) was significant, they were retained for the final multivariate model to determine which variables uniquely accounted for the variance in density of certified Black businesses to the Black population and to determine, and how much variance this set of predictors accounted for in the outcome variable.

Table 4.8. *Safety Regression Model.*

Predictor	**B**	***SE B***	***β***	**P**
% Auto Theft	-.391	.118	-.29	.001
% Burglary	-.147	.056	-.23	.011
% Violent Crimes	-.276	.087	-.29	.002
R^2 =		.308		
Adj. R^2 =		.286		
F =		14.37		
df =		97		

Final Multivariate Model

A final multivariate model was conducted to determine which predictor variables significantly and uniquely accounted for the variance in density of certified Black businesses to the Black population. Based on earlier results, the following variables were included: total jobs, median household income, bachelor's degree or higher, owner occupied housing units at least 30% of income, auto-theft, burglary and violent crimes. As illustrated in Table 4.9, the results showed that the overall model was significant, F (7, 93) = 13, p < 0.001, explaining 45.7% of the variance in the outcome variable. Total jobs were a significant predictor of the proportion of certified Black-owned businesses to the Black population, β = .36, p <. 001, such that with a higher number of total jobs were associated with a higher density of certified Black-owned businesses to the Black population. Median household income also was a significant predictor of the proportion of certified Black-owned businesses to the Black population, β = .52, p <. 001, such that a higher median household income was associated with higher density of certified Black-owned businesses to the Black population. Auto-theft was a significant predictor of proportion of certified Black-owned businesses to the Black population, β = -.17, p =. 04, such that a lower level of auto-theft was associated with a higher density of certified Black-owned businesses to the Black population. Burglary was a marginally significant predictor of proportion of certified Black-owned businesses to the Black population, β = -.18, p =. 057, such that a lower level of burglary was associated with higher density of certified Black-owned businesses to the Black population.

Table 4.9. *Neighborhood Regression Model.*

Predictor	**B**	***SE B***	***β***	**P**
Total Jobs	.000	.000	.36	<.001
Median Household Income	.000	.000	.52	.001
% BA or Higher	-.06	.05	-.21	.264
% units valued where owner costs are 30% more of income	-.003	.06	-.004	.964
% Auto Theft	-.23	.11	-.17	.041
% Burglary	-.12	.06	-.18	.057
% Violent Crimes	-.09	.13	-.10	.481
R^2 =		.495		
Adj. R^2 =		.457		
F =		13.04		
df =		93		

Model coefficients and the collinearity diagnostics are illustrated in tables 4.10 and 4.11 below. In Table 4.11 the Condition Index is greater than 15.00 for dimension eight, which may indicate excessive collinearity. In this case, the variance proportions were checked to see if any values were greater than 5.0. Based on the analysis, there were no greater proportions greater than .50.

Table 4.10. *Collinearity Statistics.*

Predictor	B	*SE B*	*β*	t	P	Tolerance	VIF
Total Jobs	.000	.000	.364	4.497	<.001	.837	1.209
Median Household Income	.000	.000	.518	3.578	.001	.259	3.861
% BA or Higher	-.056	.049	-.208	-1.123	.264	.159	6.307
% units valued where owner costs are 30% more of income	-.003	.062	-.004	-.045	.964	.738	1.335
% Auto Theft	-.229	.111	-.168	-2.073	.041	.828	1.207
% Burglary	-.115	.059	-.183	-1.931	.057	.607	1.649
% Violent Crimes	-.089	.126	-.095	-.708	.481	.303	3.301

Table 4.11. *Collinearity Diagnostics – Variance Proportions.*

Model	Dimension	Eigenvalue	Condition Index	(Constant)	Median HH income	Total Jobs	BA or higher	owner costs at least 30%	Auto-theft	Burglary	Violent Crimes
1	1	5.919	1.00	.00	.00	.00	.00	.00	.00	.00	.00
	2	1.002	2.43	.00	.00	.57	.00	.00	.00	.01	.00
	3	.736	2.84	.00	.04	.22	.02	.00	.00	.00	.02
	4	.145	6.39	.00	.04	.05	.01	.00	.26	.33	.00
	5	.099	7.74	.00	.00	.07	.02	.11	.38	.19	.12
	6	.055	10.34	.00	.49	.00	.06	.18	.03	.15	.39
	7	.035	13.03	.01	.42	.00	.44	.50	.03	.03	.24
	8	.009	25.14	.99	.01	.08	.45	.21	.29	.28	.22

Summary of Results

The overall results of this study provided evidence that neighborhood characteristics significantly predicted the density of Black businesses proportionate to the Black population. Five research questions and seven hypotheses were proposed and tested for this study regarding the extent to which neighborhood characteristics (total jobs, financial security, education, housing, and safety) were associated with the representation of certified Black businesses proportional to the Black population. When the final neighborhood regression model was developed, four neighborhood characteristics (total jobs, median household income, auto-theft and burglary) accounted for 45.7% of the overall variance in the study.

Overall, based on the final neighborhood regression model, findings suggest significant relationships among total jobs, median household income, auto theft and burglary with representative density of certified Black businesses. Findings are discussed in detail in Chapter 5.

CHAPTER FIVE

DISCUSSION

There is contentious debate around the challenges of inequality, economic mobility, and intergenerational poverty. Families of color will soon make up a majority of the population, but most continue to consistently fall behind Whites in building wealth. By 2016, the average wealth of White families ($919,000) was over $700,000 higher than the average wealth of Black families ($140,000) and of Latino families ($192,000) (Urban Institute, 2016). Based on the Survey of Consumer Finances data (1983-2016), the trends around racial wealth gap persists at accelerated rates. Strategies that scale Black entrepreneurship can help to address the racial wealth divide (AEO, 2016).

This study explored the role of Black entrepreneurship across Atlanta's neighborhoods. The east-west Interstate 20 separates wealthier (majority-White) communities in the north from poorer (majority-Black) communities in the south. Since there are very few rungs on Atlanta's economic ladder, moving out of poverty can be a steep, and sometimes impossible, climb for low-income families. Additionally, the relationship between "race" and "pace" is glaring, with only one in five African American children living in high-income areas (AECF, 2015). Many studies have shown that the most efficient way to increase wealth in a community is to support entrepreneurship (Dubb, 2016; Dubb & Howard, 2012; Porter, 1995). The wealth created by small businesses is particularly important because it supports community's overall economic vitality (Bates 2006; Sutton 2006; Sutton, 2010).

The results of this study suggest that neighborhoods play a significant role in fostering Black businesses activity. The study of neighborhood effects on health and well-being has regained prominence in recent years. With rising inequality, several of the country's largest metropolitan areas are reflecting a tale of two cities, systematically divided into very wealthy and very poor communities. To this end, neighborhoods are defined by sharp boundaries that create contrasting quality of life. Neighborhoods that experience severe economic distress become susceptible to high rates of violence and crime. Areas of concentrated disadvantage—the neighborhoods with the lowest incomes, increased rates of unemployment, and institutional disinvestment—lack adequate resources and financial support. Neighborhood-level poverty results in a weakened ability to maintain basic social control agents. Institutions such as churches, schools, and community organizations struggle to prosper and lose the ability to exercise control over the community (Benson et al. 2004). Overall, neighborhoods play a key role in fostering local economic activity.

Key Findings

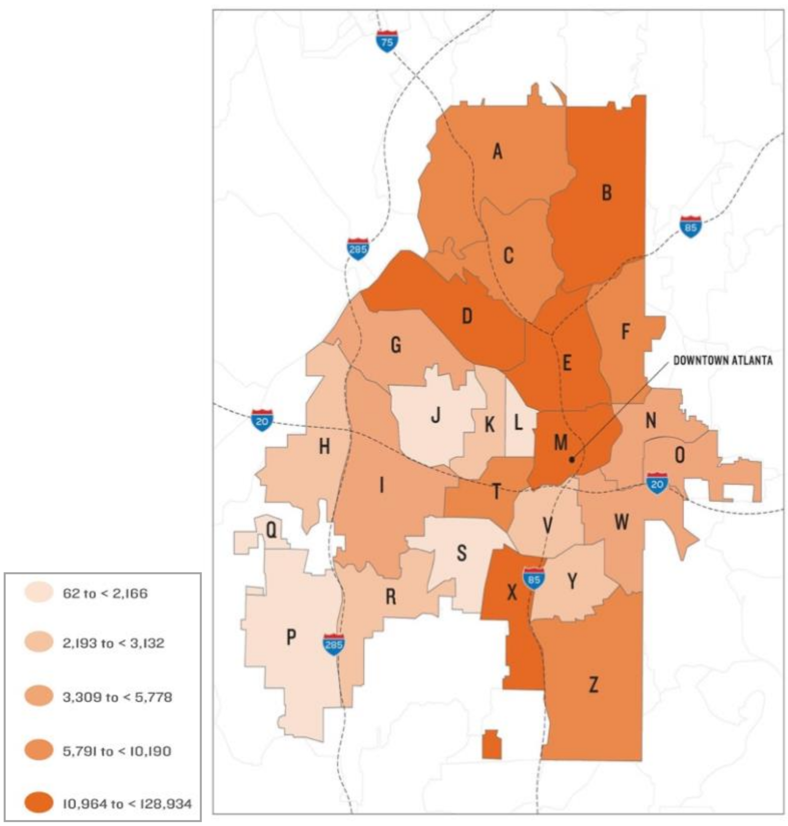
Total Jobs and Certified Black-Owned Businesses

Results supported Hypotheses 1 in that the number of total neighborhood jobs was significantly positively associated with the proportion of certified Black-owned businesses to the Black population. The follow-up neighborhood regression model which included total jobs, also showed significant results ($p < .001$). Findings suggested that total jobs significantly predicted representative density of certified Black-owned businesses.

Contemporary studies of Black entrepreneurship provide compelling empirical evidence of positive results for minority employment and urban development (Bates, 2006; Boston, 2005; Butler, 2005). These findings are consistent with previous research, which found that job growth patterns tend to reinforce existing job clusters (AECF, 2015). In Atlanta, while some Northside neighborhoods saw job growth between 2010 and 2012, most Southside communities experienced significant job loss (AECF, 2015). To that end, certified Black businesses have a higher likelihood of locating in neighborhoods that are connected to job centers. As demonstrated in Map 5.1, most jobs in the city of Atlanta are located in the north, posing a significant barrier to economic security for communities of color deeply concentrated in the south side (Map 5.2). To this end, Map 5.3 shows the spatial representation of Black business, which is also consistent with existing job centers. The highest density of certified Black businesses is in Neighborhood Planning Unit M and E, consistent with existing job clusters on the city's north side.

Business site selection is a significant concern for entrepreneurs that seek to have their establishments to be activated (Anderson, Jack, & Dodd, 2005). Hence, surrounding geographical environments now play a key role in where new establishments locate (Malecki, 2009). In particular, clustered economic activities (Delgado, Porter, & Stern, 2010) and proximity to knowledge sources (Baptista & Mendonca, 2010) are highlighted as necessary conditions in recent research. Urban settings provide an ideal environment to satisfy such conditions (Frenkel, 2004; Renski, 2008). Since the seminal work of clustering theory by Marshall (1925), there are three main reasons for localization economies and co-location of firms (Gordon & McCann, 2005; Krugman, 1999). The three classes of mechanisms are: (a) more efficient sharing of local inputs, (b) better matching between business partners, and (c) learning from idea spillovers (Duranton & Puga, 2004; Puga, 2010). Firms that are closely related in terms of their similarity in industry, or their supply relationship with other firms, are more likely to locate in the dominant firm area (Chin, 2013). While most of this research focuses on new firms, it heavily influences future growth patterns.

Map 5.1. *Total Jobs in Atlanta*.

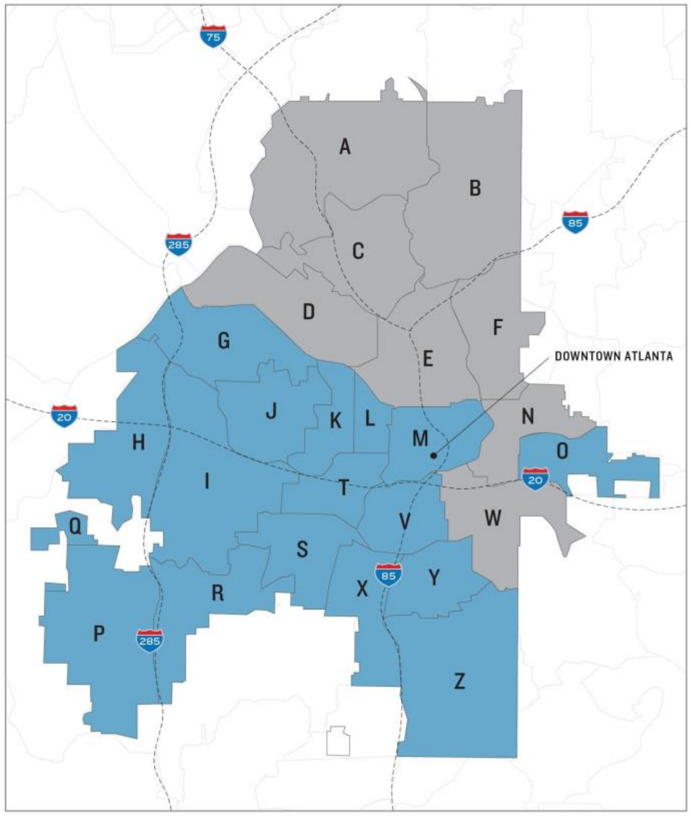


Source: Neighborhood Nexus analysis of the Atlanta Regional Commission’s 2012 employment estimates and the U.S. Census Bureau’s 2008-2012 American Community Survey.

Map 5.2. *A City Divided*.

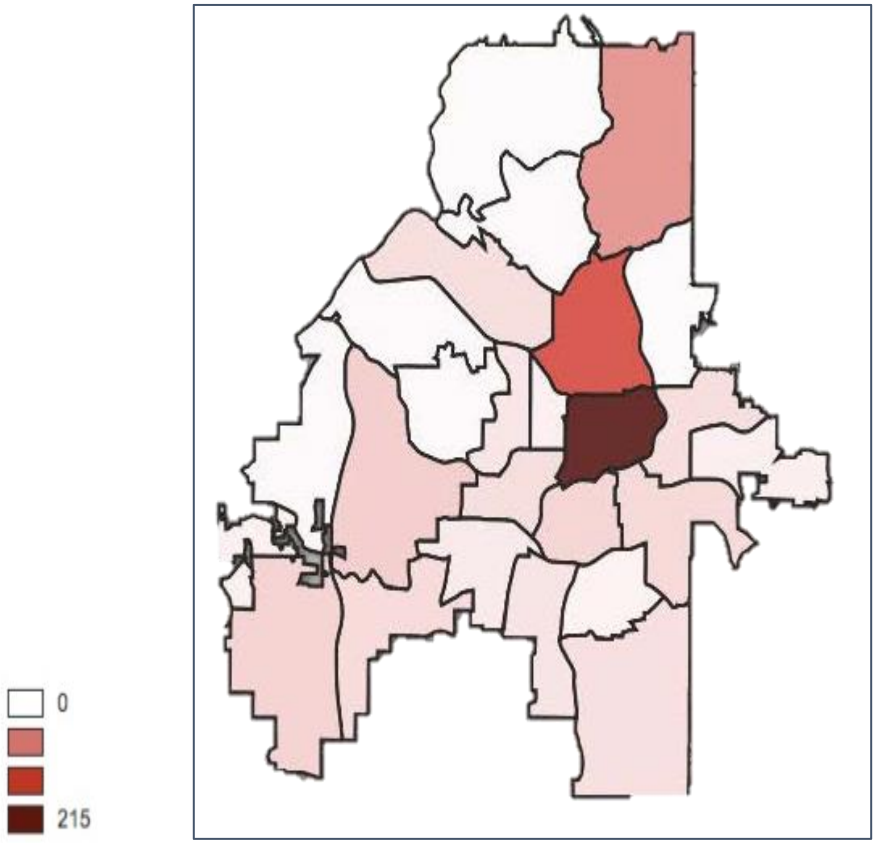
Majority White

Majority Black



Source: Neighborhood Nexus analysis of 2010 U.S. Census Bureau data.

Map 5.3. *Certified Black Businesses in Atlanta.*



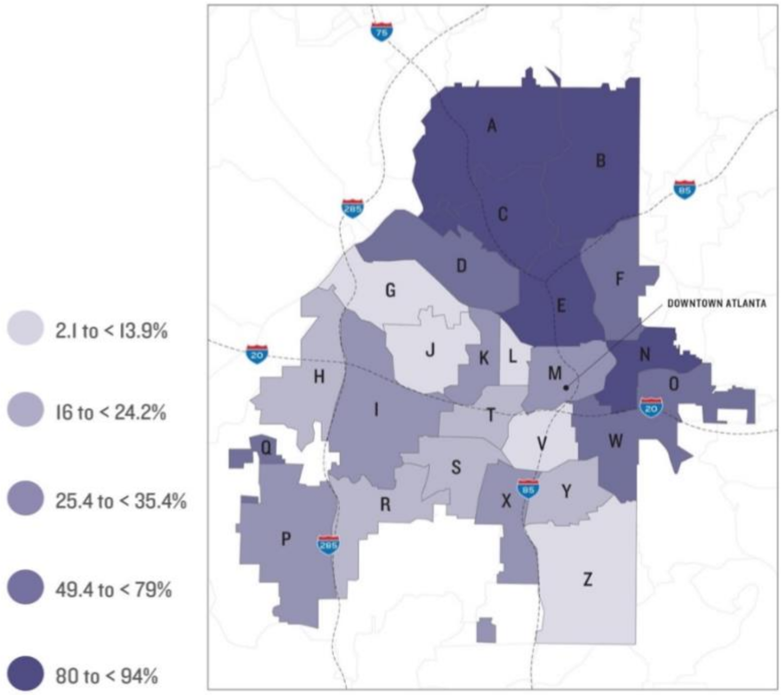
Source: Prosperity Now's Analysis of PRISM Certified business data.

Financial Security and Certified Black-Owned Businesses

The results showed that the overall financial security model was significant. Results supported Hypothesis 2, finding that median household income was a significant predictor of the proportion of certified Black-owned businesses to the Black population. The follow-up neighborhood regression model which included median household income, also was significant ($p < .001$). Findings suggested that median household income significantly predicted representative density of certified Black-owned businesses.

Based on most current estimates, median household income has increased for both Black and White families. However, significant disparities still persist in the City of Atlanta, as White families' median household income is $88,226 compared to $29,107 for Black families (U.S. Census Bureau, 2016). Households with more purchasing power would be more likely to support local businesses and foster thriving neighborhood economic activities. The job growth patterns and existing clusters, are based in neighborhoods that have a higher representation of families with higher earnings. As demonstrated in Map 5.4, children living in higher income households are disproportionately represented on the north side, consistent with existing job centers and certified Black business representation.

Map 5.4. *Children in Families Earning at Least 200% Above of the Federal Poverty Level.*



Source: Neighborhood Nexus analysis of the U.S. Census Bureau's 2009-2013 American Community Survey.

Education Attainment and Certified Black-Owned Businesses

Results partially supported Hypothesis 3. The percentage of residents with a Bachelor's degree or higher was partially associated with the proportion of certified Black-owned businesses to the Black population. Initially, the linear regression results indicated that the overall model was significant, $p < .001$. However, the follow-up neighborhood regression model that included bachelor's degree or higher, did not show significant results ($p = .26$). Research and public policy have traditionally focused on education as drivers of upward mobility. The U.S. Bureau of Labor Statistics, (2015) continues to document that unemployment rates and earnings are significantly positively correlated with education attainment. There is compelling evidence, however, that education alone does little to explain the source of different levels of economic well-being, especially across races (Musu-Gillette, Robinson, McFarland, KewalRamani, Zhang, & Wilkinson–Filker, 2016).

For Black families and other families of color, studying and working hard is not associated with the same levels of wealth amassed among Whites. Recent research conducted by Hamilton, Darity, Price, Sridharan, and Tippett (2015) found that "Black families whose heads graduated from college have about 33 percent l*ess* wealth than White families whose heads dropped out of high school" (p. 3.). Therefore, educational attainment for Blacks does not contribute to net wealth or increased purchasing power to the same extent it does for Whites.

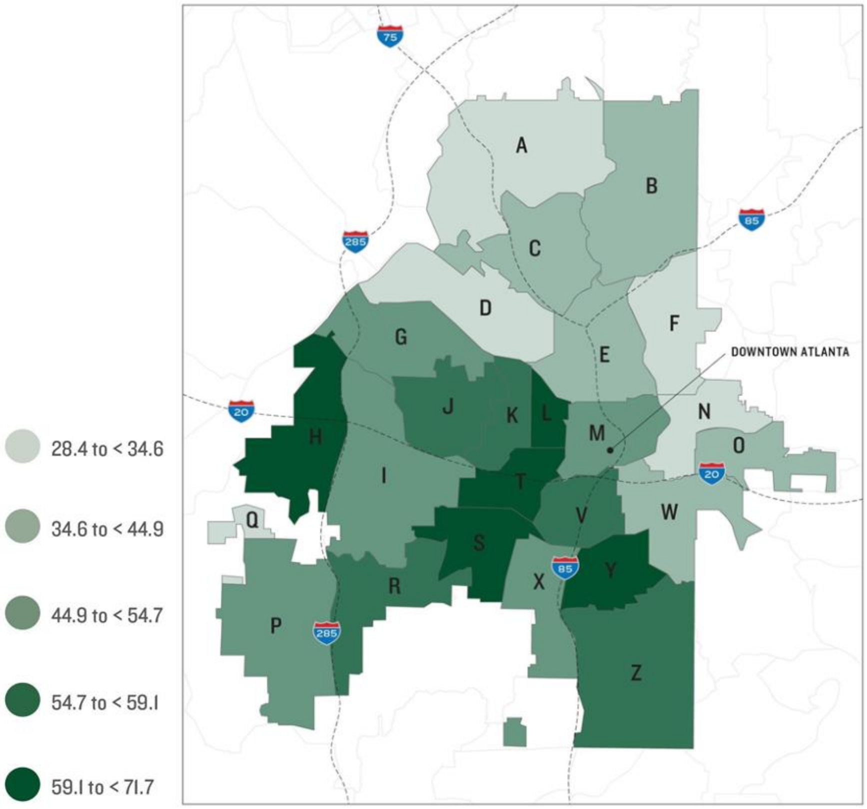
As such, one reason that the results were only partially supported maybe because higher educational attainment for people of color does not necessarily translate into higher median income to the same extent it does for Whites. Based on DeNavas-Walt and Proctor's (2015) analysis of US Census data, among full-time workers ages 25–34 who did not complete high school, median annual earnings of White workers ($30,000) were higher than median annual earnings of their Black ($20,500) and Hispanic ($22,800) peers in 2013. Additionally, the report found that, among those with a bachelor's or higher degree, median annual earnings of Asian full-time workers ages 25–34 ($59,900) were higher than median annual earnings of their White ($50,000), Black ($44,600), and Hispanic ($45,800) peers. These findings suggest that despite comparable educational outcomes, statistically significant differences amongst racial/ethnic groups for income still persists.

Housing and Certified Black-Owned Businesses

Results partially supported Hypothesis 4. The percent of units where owner costs are at least 30% of income was partially associated with the proportion of certified Black-owned businesses to the Black population. Initially, the linear regression results indicated that the overall model was significant. However, for the final neighborhood regression model, results did not support Hypotheses 4. Findings suggested that percent of units where owner costs are at least 30% were non-significant ($p = .96$). Therefore, there was no evidence to suggest this variable predicted representative density of certified Black-owned businesses.

As illustrated in Map 5.5, families burdened by high housing costs disproportionately live on the Southside, predominantly in communities of color. The conservative cost burden measure of 30%, which excludes other living expenses such as transportation, could help account for this non-significant finding. The Department of Housing and Urban Development defines cost-burden families as those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Based on research conducted by Weicher, Eggers, and Moumen (2010) more than 20% of all renter households spend 50% or more of their income on housing costs.

Map 5.5. *High Housing Costs in Atlanta.*



Source: Neighborhood Nexus analysis of 2010 U.S. Census Bureau data.

Safety and Certified Black-Owned Businesses

The results revealed that the overall model was significant. The follow-up neighborhood regression model, which included percent of instances of auto theft, (Hypothesis 5A) significantly predicted representative density of certified Black-owned businesses. The percent of cases of burglary marginally predicted representative density of certified Black-owned businesses (Hypothesis 5B). Consistent with the findings of Shurry, Speed, Vivian, Kuechel, & Nicholas (2005), this research suggests that business owners report that they take crime into account when deciding where to operate their companies.

Results partially supported Hypothesis 5C. The crime regression model demonstrated a significant relationship between violent crimes and representative density of certified Black-owned businesses, such that lower levels of violent crimes were associated with a higher density of certified Black-owned businesses to the Black population. However, the follow-up neighborhood regression model which included violent crimes, did not show significant results. This finding is inconsistent with earlier research supported by Rosenthal and Ross (2012) who also examined the estimated impact of violent crime on the location of business activity and entrepreneurship within individual cities. Their findings indicated that entrepreneurs take violent crime into account when bidding for locations within a city. Overall victim reporting of crime occurrences might help to explain this study's finding. The U.S. Department of Justice (2016) documented that only about half of violent crimes (47%) were reported to police. Further research is warranted to better understand the role of neighborhood safety in fostering thriving neighborhoods and local economies. Further studies that directly assess the association with neighborhood safety and small businesses, primarily Black-owned enterprises, will offer significant contributions to existing literature.

Summary of Neighborhood Factors and Certified Black-Owned Businesses

Overall, based on the final neighborhood regression model, findings suggest significant relationships among total jobs, median household income, auto theft, and burglary with representative density of certified Black businesses. The results showed that the overall model was significant, explaining 45.7% of the variance in the outcome variable. The deeply interconnected relationship between these neighborhood-level variables (jobs, income, housing and safety) help to account for the high variance in representative density of Black businesses.

Total jobs were a significant predictor of the proportion of certified Black-owned businesses to the Black population, such that a higher number of total jobs were associated with a higher density of certified Black-owned businesses to the Black population. Median household income also was a significant predictor of the proportion of certified Black-owned businesses to the Black population, such that a higher median household income was associated with higher density of certified Black-owned businesses to the Black population. Auto theft was a significant predictor of proportion of certified Black-owned businesses to the Black population, such that a lower level of auto theft was associated with a higher density of certified Black-owned businesses to the Black population. Burglary was a marginally significant predictor of proportion of certified Black-owned businesses to the Black population, such that a lower level of burglary was associated with higher density of certified Black-owned businesses to the Black population.

Practical and Policy Implications

This research is significant because it examined the role of neighborhoods in facilitating economic opportunity for Black businesses. As such, there are valuable policy and practical implications that should be considered and further examined to foster and scale Black entrepreneurship. Entrepreneurship has often been viewed as a way out of poverty by Blacks, who also tend to view self-employment as a solution to unemployment (AEO, 2016; Autor, 2016; Meyer, 1990). As a result of centuries of slave labor and economic exclusion, entrepreneurship became a vehicle to help Black families connect to the economic mainstream (Nembhard, 2014). With disproportionate representation of Black men, still enslaved by the regressive penal system which institutionalizes Jim Crow laws, entrepreneurship is one of the few viable opportunities for returning from incarceration. Many Black entrepreneurs found their ventures because they believe they are viewed (and accordingly treated) as outsiders by the mainstream wage-employment sector (Dollinger, 2003). Additionally, Herring (2004) noted that labor market discrimination is a push factor for Black entrepreneurship and self-employment.

According to Boyd (2012), Black entrepreneurship has commonly been perceived as a source of economic growth by Blacks. Entrepreneurship also enables Black entrepreneurs to create new jobs for other community members (Brown, Hamilton, & Medoff, 1990; Liu, 2012). The study's findings identified key neighborhood characteristics including total jobs, median household income, auto-theft, and burglary as drivers for Black businesses density proportional to the Black population.

Policy Implications

There are several pressing economic, political, and social factors that have to be considered to fully address this study's findings. First, due to market pressures caused by gentrification, more and more Black working-class families are being squeezed out of American urban areas (Weicher et al., 2010). While Metro Atlanta continues to experience aggressive job growth, the city still wrestles with deep income inequality. While unemployment in Atlanta has declined across all groups, Black unemployment (12.7%) is still 4.5 times higher than White unemployment (2.8%) in a city in which 55%

of the population is Black. Additionally, based on data from the American Community Survey (2009-2013), Atlanta is one of the fastest gentrifying cities in America. Since 2000, nearly 46% of Atlanta's neighborhoods have experienced gentrification, compared to 8% nationwide. Moreover, between 2012 and 2015, 95% of the housing built in Atlanta were luxury units (American Community Survey, 2009-2013).

According to *The Community Economic Development Handbook:*

> Gentrification displaces existing residents and businesses that can no longer afford the rising rents and taxes, or who are evicted to make way for new owners. This often has a racial overtone, as persons of color are frequently displaced by higher-income Whites...as groups succeed in increasing the safety, attractiveness, and economic viability of the community, gentrification can become an issue. (Temali, 2002, p. 11)

Unfortunately, with only 4% of Black-owned firms having employees in Atlanta, minority-owned firms are predominantly micro-businesses. Micro-businesses are defined as firms with fewer than five employees. These business establishments are particularly vulnerable to displacement or failure due to the negative impacts that gentrification may have, loss of customer base, increased competition from new businesses in the area, and increased rents and taxes.

Although Black entrepreneurs still lag behind Whites and other minority groups when it comes to attaining startup capital and gaining access to other startup resources, researchers argue that Black entrepreneurs have expressed more optimistic perceptions of business opportunities than any other racial group (Köellinger & Minniti, 2006). It has also been shown that Blacks have been and continue to be almost twice as likely as Whites to initiate a new business venture. These findings suggest that the underrepresentation of Blacks among established entrepreneurs is not due to a lack of trying, but to ancillary barriers to market entry (Fairlie, 2009; Fairlie & Sundstrom, 1997; Köellinger & Minniti, 2006).

Systemic racial bias in small-business lending is a significant policy issue. Black-owned firm application rates for new funding are 10 percentage points higher than White-owned firms, but their approval rates are 19 percentage points lower than their counterparts (Federal Reserve Bank, 2017). Additional data from the Federal Reserve (2017) showed that Black-owned firms report more credit availability challenges (58% vs. 32%) and difficulty obtaining funds for expansion (62% vs. 31%) than White-owned firms, even among firms with revenues more than $1M (53% vs. 23%). The system of racialization, which routinely confers advantage and disadvantage based on skin color and other characteristics, must be clearly understood, directly challenged, and fundamentally transformed. The Government Alliance for Racial Equity (GARE) is a national network of government working to achieve racial equity and advance opportunities for all people. GARE focuses on addressing racial disparities by closing the gaps in quality of outcomes while simultaneously raising the bar for all impacted groups. Increasing access to minority business lending by revising policy and practices offers a promising approach for collaborative efforts like GARE to improve revenue outcomes for these entities.

If America wants to dramatically reduce the amount it spends on social services (a drag on growth), encourage more individuals from low-net-wealth communities to participate in the economy (a boost to growth), and provide a route to economic independence for these individuals, small business expansion within these communities is a very effective method. In low-wealth areas, Community Development Financial Institution (CDFI) products and services are in high demand (AEO 2016). However, particularly in Black low-wealth neighborhoods, the credit gap far exceeds the capacity of CDFIs. Large banks could play a more active role if they better understood the value of CDFIs as mature, agile and innovative lenders on the front line in low-wealth areas and develop partnerships with these entities to develop more flexible loan products and programs (Sutton, 2006).

There are several networks exploring different models of investment consortiums to successfully combine capital-raising and peer exchange to significantly enhance the economic impact of Black businesses. Programs that are positioned for impactful Black business outcomes include the following best practices from Houghton and Barber, (2016):

- The Expanding Black Business Credit Initiative is practitioner led and serves to increase loans from $100k to $1 million to provide technical assistance opportunities to small businesses and support innovative partnerships.
- The National Community Investment Fund (NCIF), is a Chicago-based national organization is a Community Development Financial Institution (CDFI) which

offers grants and training opportunities to minority organizations to better deploy New Markets Tax Credit program.

- Both Wells Fargo and Opportunity Finance Network have partnered to support the Diverse Community Capital. This national strategy seeks to commit $75 million ($50 million debt and $25 million grant) capital to CDFIs working to provide capital to diverse-owned businesses across the nation.
- The LiftUP Loan Program is being led by J.P. Morgan, investing $4.9 million in the Southeastern states. The aim of the initiative is to provide minority-owned small businesses in certain southern states with faster access to capital.

The best practices cited above seek to increase access to credit for Black businesses. However, most of these models are based on debt financing models (albeit low interest rate loans). There are opportunities to leverage the burgeoning crowdfunding platform to reduce debt and yield a higher success rate for Black entrepreneurs. An example might be a special philanthropic seed capital fund to provide the first tranche of funding that would encourage the next wave of investors.

Increasing investment in Black businesses that are operating in high revenue growth industries provides valuable opportunities to strengthen Black-owned business representation (AEO, 2017). There is considerable empirical evidence to support the proposition that only a small proportion of firms, often termed gazelles, create the majority of jobs in any cohort of new businesses (Anyadike-Danes, Bonner, Hart, & Mason, 2009; Birch 1987; Henrekson & Johansson 2010; Kirchhoff 1994; Stangler 2010). A recent overview of this literature concluded that a few rapidly growing firms generate a disproportionately large share of all new net jobs compared with non-high-growth firms, (Henrekson & Johansson 2010). Not only do high-growth firms create jobs directly, they also have important spill-over effects that are beneficial to the growth of other firms in the same locality (Mason, Bishop, & Robinson, 2009) and industrial cluster (Mason & Brown 2011; Stam, 2009). In light of this mounting evidence on the importance of high growth firms, Shane (2008) argued that "we need to change our public policies towards entrepreneurship" (p. 164) to encourage "high quality, high growth companies to be founded" (Shane, 2009, p. 145).

Black business ownership is negatively impacted not only by the racial inequalities imposed by lending institutions, but also by consumer discrimination. Meyer (1990) argued that some Whites only choose to do business with Black-owned businesses when prices are more competitive than that of other businesses, and competitive pricing is a challenge for many Black-owned businesses because they often find it difficult to compete against well established businesses with greater resources.

Community Development

The community economic development (CED) movement, most popular during the1960s and 1970s, conceived minority entrepreneurship as a plausible neighborhood economic development strategy that conferred both political and economic empowerment within disadvantaged communities (Giloth, 1988; Simon, 2006; Sutton, 2010). Community economic development principles contend that public subsidization of corporate-led development fails to engender purported conventional development effects for poor people and places (Bartik, 1991; Butler, 2005; Peters & Fisher, 2004).

Also, intentionally supporting minority businesses to increase their capacity to compete for government contracts and redevelopment projects can help to level the playing field for these firms. With billions awarded annually in city and state contracts, supporting Black businesses to be able to bid for lucrative and often long-term contracts can increase their profitability (AEO, 2016). Recent studies expound ways that city planners and community development agencies successfully mount local strategies for attracting corporate retail development (Pothukuchi, 2005). Greater consideration should be given to planning and policy tools for preserving and enhancing—or at a minimum, mitigating the erasure of—clusters of neighborhood small businesses (Sutton, 2010).

Communities of color, low income residents, and immigrants are neglected (at best) and further disenfranchised by these tools. Proponents of contemporary community self-help argue that successful and sustainable development must be built on existing community assets and capacities (Chapin, 1995; Dubb, 2016; Dubb & Howard, 2012). In a resilience framework, policies should not primarily focus on correcting deficits, but on promoting a social environment that is conducive to individual, family and community well-being or functioning (Chapin, 1995; Dubb 2016; McKnight & Kretzman, 1996).

Traditionally, cities have focused on recruiting large employers with the expectation that doing so will directly impact residents' employability and earning potential (Dubb, 2016). However, emphasis should also be placed on creating and promoting policies that nurture small business development and expansion. The Jersey City Economic Development Corporation is an example, as this Small Business Investors Fund is a forgivable loan program available to small business owners in underserved commercial corridors (Houghton & Barber, 2016). The loans range from $5,000 to $10,000, and a portion of the loan is forgiven each year as long as the recipient remains in business in the same location and employs local residents.

Additional incentives could be offered to small certified Black businesses that meet and exceed economic inclusion goals in local contracts. States can support entrepreneurs by leveraging federal funding received through the Community Development Block Grant (CDBG), the Workforce Innovation and Opportunity Act (WIOA), or Temporary Assistance for Needy Families (TANF) (Wiedrich, Rice, Sims, & Weisman, 2017). Twenty states currently use CDBG dollars to support low-income entrepreneurs and microbusiness development. Eleven states use funding from WIOA, TANF or both sources to support these goals (Wiedrich et al., 2017). CDBG funds, when used for microenterprise development in particular, are estimated to generate 183 jobs for every million dollars invested, demonstrating a true return on investment through economic growth and job creation (Wiedrich et al., 2017).

Accordingly, equitable economic development is intentional, targeted and explicit. Equitable development is focused on investing through programs, funding, policies and practices that focus on specific populations and neighborhoods that are increasingly distanced from growth sectors of their local economies. This model builds on community resiliency. Fundamentally, economic, political and social systems interact to determine the prevalence of risk and protective factors within local communities. Minneapolis has adopted equity and inclusion as key principles to drive a local policy agenda (PolicyLink, 2011). City officials have designed and implemented a community planning and economic development capital access program, which is a comprehensive effort to reduce the barriers in accessing financial and social capital for the city's most economically vulnerable populations.

Each year, state and local governments spend at least $250 billion on public infrastructure, including transit, energy, and water/sewer system upgrades (Onyenaka, 2017). The federal government has tried to set the tone for state and local policies, typically through mandated utilization goals for inclusion of Minority Business Enterprises (MBEs) in sub-contractor procurement, local hiring, or both. Refining procurement practices and policies can position minority business enterprises to benefit from these infrastructure development strategies. A successful inclusive procurement program of action is key to not only providing jobs, but closing the wealth gap needed to secure the well-being and future of children, families and the region in which they live.

There is a need for a concentrated effort to support resiliency-based policies, strength/asset based research, and intervention practices that help neighborhoods to be successful. In a resilience framework, policies are not primarily focused on correcting deficits but on promoting a social environment that is conducive to individual, family, and community well-being. It is important to create policies that equip residents with the tools needed to successfully navigate systems to support their own economic independence and overall well-being. This requires a departure from a traditionally Eurocentric frame that has anchored much of resilience research and policies.

Social Capital

Connecting aspiring and current Black business owners to supports and inspiring participation in them will require addressing a third hurdle: the trust gap. Assets for Entrepreneurial Opportunity's 2017 report shared that banks, other lending institutions, potential mentors and consultants practice discrimination, bias which result in disappointment, and persisting wealth and credit barriers for Black entrepreneurs. Moreover, several studies and case law from *Northern Contracting v. Illinois* and *Builders Association of Greater Chicago v. City of Chicago* (AEO, 2017) related to government contracting have found evidence of discrimination in the bonding, insurance, and financing markets. A study conducted by Sabir (1990), for instance, concluded that minority entrepreneurs in Atlanta have a lower success rate in obtaining loans and bonding and procuring contracts regardless of their levels of education, training, and business-related experience. Therefore, any outreach strategy must incorporate goals to address racist practices that can be fostered by rebuilding trust and establishing renewed connections.

Access to networks plays a critical role in bridging access to capital credit and consumers for small businesses (AEO, 2016). However, many Black entrepreneurs lack access to networks that can help sustain and grow their businesses. Additionally, many Black businesses reported mistrust of local economic development agencies and other lending institutions, because of their prior involvement in urban renewal, structural racism, and accelerated market pressures due to gentrification (Holliman, 2010; Hosford, 2009; Sutton; 2010). Supporting strategies that help Black entrepreneurs increase their social capital and trust, especially with community-oriented lending institutions, can help their businesses to thrive (AEO, 2016).

Social capital is often seen as the motor for collective action generated through repeated contact (Putnam, 2000). Social capital plays a critical role in facilitating business development by helping entrepreneurs access and advance in a very competitive labor market. Like communities, business networks often develop deep ties to build social capital. These communities and groups do exhibit a strong sense of community where members have a strong sense of belonging, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met through their commitment to be together (McMillan, 1976). As such, social capital helps to galvanize collective action, as communities/networks have more leverage to influence political and economic wills.

Social capital is not exclusively developed within groups. There is an opportunity to bond social capital (within groups) and also bridge social capital (across groups), (Smets, 2011). Studies on bridging social capital across groups show mutual understanding and trust are foundational elements (Smets, 2011). If Black entrepreneurs are less trusting of others, then they more often view others as potentially being opportunistic against them. This belief is likely to result in Blacks more often becoming solo entrepreneurs (those who get their business ideas on their own) versus network entrepreneurs (those who get their business ideas from others in their social networks). If Blacks are more likely to be solo entrepreneurs, they are also more likely to recognize fewer opportunities because, as Hills, Lumpkin, and Singh (1997) found, solo entrepreneurs recognize fewer opportunities than network entrepreneurs.

However, with the increasing residential segregation in the Unites States, the opportunity to bridge social capital in a meaningful way is severely compromised. The publication of *American Apartheid* (Massey & Denton, 1993) marked a pivotal return in scholarly discourse on the subject of residential segregation. In this regard, facilitating opportunities to intentionally connect potential investors and mentors to Black entrepreneurs can support their business expansion.

Community Wealth Building

As shown in Figures 1.1 and 1.2, families in Atlanta do not have enough income to cover three months of expenses at that poverty level, meaning that a family of four does not have $6,150 in savings. This financially precarious situation presents real challenges to families' investment in their future and participation in the economy. A racial and ethnic breakdown of these regional figures demonstrates that Black families are nearly three times more likely to live in liquid asset poverty than are White families in Atlanta. These data show that income from a low wage job and lack of savings are just two barriers facing communities of color, and African-American families in particular. What perpetuates the intergenerational cycle of poverty is a lack of ownership opportunities. One in four African Americans in Atlanta have zero or negative net worth; in other words, many owe more than they own. Given that African Americans make up 52% of the Atlanta population, facing their economic realities is imperative. It is imperative to address the fact that many families are in no position to pass on wealth or use wealth to help weather financial crisis.

Given the depth and breadth of financial insecurity amongst African Americans, efforts that focus solely on improving entrepreneurs' outcomes will miss an opportunity to improve financial security for employees, neighborhoods, and the broader economy. African American-owned businesses are more likely to hire employees of color (Wiedrich, Rice, Sims, & Weisman, 2017). They give back to their communities through donations of time, money, and services. They can also play leadership and mentorship roles. Unlike homeownership or education, building a healthy, thriving business is an asset that can directly improve the financial security of much more than the entrepreneur and be a platform for community wealth building (Wiedrich et al., 2017).

Despite the region's reputation as a burgeoning mecca for upwardly mobile African Americans, Atlanta's business scene exhibits the same inequity as those of other American cities (Prosperity Now, 2016). Residential segregation in the city remains as entrenched today as it was decades prior, and while population growth among households of color has outpaced the rate of growth among White households, the benefits of an equitable economy continue to evade households of color, and African American entrepreneurs specifically. Though a majority of the city's population is African American; Atlanta's certified businesses are disproportionately located in predominantly White neighborhoods. Further, estimates from the most recent Survey of Business Owners (2012) suggest that African American entrepreneurs in Atlanta are more likely to be sole proprietors, and are less likely to turn their businesses into a wealth-generating vehicle than are entrepreneurs of other racial and ethnic backgrounds.

Among Atlanta's African American residents, business ownership is seen as an opportunity to improve one's earning potential. Based on the American Community Survey (2016) data, the city's median African American household earns $28,105 annually, a figure only slightly greater than half the median income for every American household ($53,889). Likewise, African Americans in Atlanta remain unemployed at a rate nearly five times that of White working-age residents. In contrast, as referenced in Figure 1.3, the average African American-owned Atlanta business is valued at $58,085, suggesting that microbusiness ownership is a reliable substitute for or supplement to traditional employment. The earnings derived from these businesses, however, are not necessarily shared by the business and the owner, and, given that nearly 96% of African-American owned businesses in the city have no paid employees, Atlanta's African American entrepreneurs have little room for growth beyond day-to-day subsistence.

By contrast, Atlanta's median White household earns $83,722 annually, and the average White-owned Atlanta business is valued at $658,264 (Figure 1.4), a figure over 11 times greater than the value of the city's average African American-owned business, and one that suggests a degree of success that allows the owner to capitalize upon their business as a true personal and community asset. The higher White-owned business value is largely due to a far higher percentage of White-owned firms with paid employees (Figure 1.3): nearly 28% of White-owned businesses have one or more paid employees in addition to the owner, compared to just 4% of African American-owned businesses and

11% of Latino-owned businesses. Since 2007, the majority of the growth in businesses operating in Atlanta has been driven by businesses without employees. As the city continues to grow and the demographics of the city evolve, it remains imperative to address these gaps in access to economic opportunities.

Entrepreneurship can serve as a key element of community wealth-building strategy, beyond an individual wealth-building strategy. Dubb (2016) described community wealth building as a practice that employs a range of forms of community ownership and asset-building strategies to build wealth in low-income communities. Kelly and McKinley (2015) argued that the community wealth-building field includes a broad range of models and innovations that have been steadily growing power over the past 30 years or more: cooperatives, employee-owned companies, social enterprise, land trusts, family businesses, community development financial institutions and banks, and anchor institutions, like hospitals and universities.

Community wealth building serves as a community change development model. These strategies reverse the focus on chasing companies to relocate to cities. All too often traditional economic development includes greater tax breaks and lower wages for companies that may well relocate again for a better offer in another community (Kelly & McKinley, 2015). Many communities rely on federal subsidies, grants, and loans, where they must emphasize their negative attributes instead of their assets if they are to be funded. According to Weiler and Farben (2003), “this one-sided picture, in addition to contributing to the isolation and demoralization of inner-city neighborhoods and their residents, heavily contributes to the business sector's failure to look at inner-city neighborhoods as market opportunities" (p. 1078). Community wealth, on the other hand, is about building a place-based economy, where resources are locally controlled and owned by people that work and live in the impacted neighborhoods.

Scaling Investments

Fundamentally, fostering and scaling Black businesses to support local neighborhood economies will require substantial investment. Making investments that support community empowerment can change the trajectory for children and families vulnerable to poverty. There are also opportunities to enhance neighborhoods by applying innovative strategies that can achieve breakthrough impact. Additionally, intentionally targeting investments to disproportionately underrepresented groups and supporting asset-based practices can create sustainable change at the community level (Checkowa, 2011) to sustain community change. As such, funding streams need to align and break away from a charitable frame that conditions neighborhoods to magnify their deficiencies, creating client-oriented environments that depend on outside experts instead of active citizen bases.

There is a value in reviewing public and private grant-making and investments to support Black entrepreneurship. Philosophically, philanthropy is designed to advocate for the poor and the powerless - those too poor to purchase from the market and too weak to matter to the state. However, broken funding systems and strategies reward and reinforce community disempowerment. Organizations are encouraged to submit applications that paint pictures of anemic communities that are desperately broken. At the root of it all, the funding sector is still designed to invest in those that need charity (Toomey, 2011). The privilege of the practice of philanthropy is still sustained. Despite its well-intended purpose, the nominal racial/ethnic composition of philanthropy still reflects a more quasi-aristocratic sector. Leveraging endowment dollars to make mission-related investments in high growth minority owned businesses create an opportunity to recast an economic infrastructure in traditionally disinvested neighborhoods.

Philanthropy is rapidly evolving and the new forms of charitable giving provide innovative capital structures for Black businesses to compete and thrive to create more sustainable and inclusive local economies. The new wave of philanthropy through ad-hocracy, crowd funding, algorithmic coordination, multi-currency, and radical transparency provides different vehicles to advance social change. Ad-hocracy relies on a flexible, adaptable, and informal organizational structure without bureaucratic policies or procedures. Through this platform, networks easily can be formed to advocate and fundraise for a particular cause and send funds directly to recipients. Crowd funding secures financial support through multiple donors using online platforms. These new forms of philanthropy are technologically advanced and wield power directly from well networked bases to support causes. By leveraging crowd funding platforms Black business can secure access to capital that does not require exclusively financing debt in order to scale business to be competitive and sustainable.

Public partners are also uniquely positioned to redefine neighborhood redevelopment strategies. For example, a coalition of economic justice advocates in New York City worked with city council leaders in a campaign that resulted in the city allocating millions to develop worker cooperatives in underserved neighborhoods: $1.2

million for 2014-2015 and $2.1 million for 2015-2016. This coalition also helped pass a new law requiring the City's economic development arm to track the level of municipal contracts awarded to such cooperatives (Kelly & McKinley, 2015). In Portland, Oregon, officials from the Portland Development Commission worked with community partners in low-income areas to launch a Neighborhood Prosperity Initiative, in which six districts were created in areas with high concentrations of people of color and high poverty, allocating $1 million to each district to help implement participatory visions for improving local commercial areas to foster economic opportunity and neighborhood vitality (Kelly &McKinley, 2015).

These recommendations support intentional strategies to foster local ownership. The community wealth building approach distinguishes itself through an explicit emphasis on democratizing the ownership of assets, so that profits and revenues are distributed widely, and living wage jobs are anchored in the community. The ultimate aim is to generate broad, democratic participation in the creation of jobs, housing, and services, and crucially, in the control and ownership of the community assets that are subsequently developed.

Limitations

This research has several limitations. First, the current study excluded businesses that were not certified by the City of Atlanta. This limitation includes a much smaller subset of businesses that must have some demonstrated capacity to successfully secure a certification from the City of Atlanta.

Also, given that business data are secured from the City's Office of Contract and Compliance, this sample is restricted to industries that provide business functions that are particularly needed to service and administer programs on formal contracts in the Aviation, Watershed, and General Fund departments. By nature of these business needs, this also restricts the types of industries that will be relevant to provide these business functions. Currently healthcare, information technology, transportation, distribution and logistics, and entertainment industries are rapidly growing in the region. Businesses that traditionally compete for procurement opportunities are traditionally aligned with public sector needs. As such, high growth firms that have broader national and international markets, are not as likely to be included in this sample.

Another limitation of this study is that it only included businesses that were compliant with federal regulations, considering minority/female/small business enterprises cannot exceed the applicable size and revenue standards for their industry to receive small business designation. To this end, this study focused on smaller businesses. Accordingly, the economic impact of each individual business enterprise would be moderate. However, the combined economic impact of these businesses is significant.

Further, insufficient data were available on the PRISM database. As previously noted, Black-owned businesses that did not achieve certification were excluded, biasing the sample and results. Also, the current PRISM database did not include sectors and industries the existing certified businesses occupy as well as their revenues over time. Currently, it is not clear what entity is responsible for housing and aggregating public and private data. Therefore, it is difficult to assess firms' productivity and profit levels and assess the association of high growth firms with corresponding neighborhood characteristics. Further research that includes revenue data would provide a more sophisticated analysis of firms' scalability and neighborhood association.

Finally, this research employed a cross-sectional correlation design, which has predictive limitations. The primary limitation of the cross-sectional study design is that because the exposure and outcome are simultaneously assessed, there is no evidence of a temporal relationship between exposure and outcome. Without longitudinal data, it is not possible to establish a true cause and effect relationship.

Future Research

This research has contributed to the Black entrepreneurship literature by providing a detailed descriptive exploratory study of neighborhood characteristics that support representative density of Black businesses. Given the findings that neighborhood characteristics such as total jobs, median household income, auto-theft, and burglary accounted for 45.7% of the variance in the representative density of Black businesses, there is value in building on this research.

Future research should thoroughly assess the association of property crimes (auto theft and burglary) with Black businesses to clearly understand how perception and actual crime who live in the neighborhoods respond to both property and violent crime, compared to business owners that do not reside in the neighborhoods. These data would help to inform how business owners' residential connection impact their perception of crime. More research should be conducted to determine the residency of perpetrators, and victims and existing deterrence strategies. This information could help support neighborhood safety initiatives that protect both residents and businesses.

Additionally, future research should include firms that have not been certified by the city and provide a comparative analysis of neighborhood characteristics' association with these businesses. Given the administrative and legal requirements of the designation, it will be important to investigate neighborhood characteristics that are related to the density of broader categories of Black-owned businesses Also, future research should include other cities in different parts of the country. It would be helpful to assess the neighborhood economic impacts among cities that have adopted traditional economic development approaches and compare them with cities that are orienting their development practices in a community wealth-building framework that offers a systems approach to leverage the assets of people rooted in place to create and own new economic opportunities.

While this dissertation research did account for a high degree of variance (45.7%) in the representative density of Black businesses, it would be helpful to include additional neighborhood variables in future research. Consideration should be given to include variables such as community engagement/leadership and public investments at the neighborhood level. These other factors would provide a more comprehensive understanding of market pressures, social connections, and political realities that shape neighborhood infrastructure and readiness for economic activity.

Also, there is also a need for a more sophisticated way to study and apply what is learned from communities and how quality of life is experienced by different racial/ethnic groups. Research agendas that foster building inclusive and sustainable economies provide opportunities for all communities to proposer. By supporting community wealth-building principles that apply core tenants of community-based participatory research, local assets and business opportunities can be readily assessed and supported. This approach allows stakeholders to design research questions, shared with various constituents in the community in a user-friendly form as an impetus for their interpretation and action planning. The Metro Atlanta Equity Atlas (MAEA) is an example of this approach. The Atlas was designed with community groups to be a data, mapping, storytelling and advocacy tool that is utilized to lift up issues of racial and spatial inequities found in the Metro Atlanta Region. This is the first equity mapping for action tool of its kind in the American South. The intent is to leverage data to create the collective civic infrastructure, policy context, and capacity needed to influence local, regional, and statewide decision-making.

These recommendations challenge the field to apply policies and practices that truly reinforce, consolidate and integrate strengths into strategies. To this end, developing transparent, relevant, and action-oriented research agendas that offer inclusive practices which positions neighborhoods and businesses to clearly understand and articulate their value proposition in local economies.

Conclusion

Local entrepreneurship has historically and consistently been a powerful theme in Black self-help (Butler, 2005). Black leaders such as Booker T. Washington, promoted

Black industrial education to facilitate the practical skills and capacities necessary to incent the development of a broad class of Black entrepreneurs and business owners. Fostering and scaling Black entrepreneurship is an investment in both individual and community impact. It begins to reverse the centuries of discrimination and disenfranchisement. Neighborhoods matter as they affect quality of life outcomes for current and future generations. This dissertation research revealed the need to shift from an exclusive focus on individual responsibility to a broader and necessary context of structural barriers that lock people out of opportunity. Now more than ever, neighborhoods not only reflect personal preferences, they also reflect gateways – access points to the economic mainstream, enriched educational institutions, social and cultural settings, and quality health services. Increasing investment in neighborhood factors that help to facilitate Black entrepreneurship provides a promising strategy to address the racial wealth divide. Neighborhoods, organizations and systems have a responsibility to create an infrastructure of opportunity in partnership with people and places. By reducing barriers to opportunity, adversities are simultaneously minimized and this positions businesses and communities to not only be resilient but to actually thrive.

Appendix A

Sole Proprietor Certification Application

EQUAL BUSINESS OPPORTUNITY (EBO) SMALL BUSINESS OPPORTUNITY (SBO) CERTIFICATION APPLICATION

Sole Proprietor

Greetings prospective City of Atlanta certified Minority/ Female/ Small Business Enterprise applicant:

The first step in having your business certified with the City of Atlanta is to obtain a City of Atlanta vendor number (Supplier ID). The procedure to obtain a Supplier ID number is a free, automated process that can be accomplished on-line. To register with the City of Atlanta and receive a Supplier ID number, please do the following:

1) Go to the City's website: www.atlantaga.gov
2) Click on the link "Doing Business" drop down to Suppliers
3) Click on the link "Registration"
4) IRS Form W-9 is required for processing the Supplier ID Registration application

For information regarding the **Supplier ID Registration phase only**, please contact Seana Nash in the Department of Procurement at snash@atlantaga.gov or 404-330-6203.

ALL questions on the certification application must be answered completely and ALL requested documentation must accompany the application. Submit the completed application and documentation to the Office of Contract Compliance. Failure to complete portions of the application and provide the required documentation will delay the certification process or result in denial of certification.

The information on the application must be true and accurate to the best of the applicant's knowledge. The application must be signed and notarized. The information requested is for use by the Office of Contract Compliance only and will be kept confidential to the extent allowable by law.

Your business must be located within one of the following twenty county areas to be considered for certification in the City of Atlanta Equal Business Opportunity Program. The twenty county areas include: Barrow, Bartow, Carroll, Cherokee, Clayton, Coweta, Cobb, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding and Walton counties.

If your company is denied certification, you have the right to appeal the decision in accordance with the City of Atlanta Code of Ordinances §2-1456 and §2-1367.

If you have any questions regarding the certification phase, please contact Certification in the Office of Contract Compliance at (404) 330-6010.

Very sincerely,

Larry Scott

Larry Scott, Director
The Office of Contract Compliance

DOCUMENTATION TO SUBMIT WITH APPLICATION

<u>SOLE PROPRIETORSHIP</u> --- Must submit copy of the following:

_____1. Vendor Number (Supplier ID)*

_____2. Email Address*

_____3. Tax ID Number*

_____4. Bank Signature Card

_____5. Proof of U. S. Citizenship/Race/Gender (a. birth certificate) **and** (b. Government Issued Photo ID or U. S. Passport)

_____6. Copy of current Business License which shows that company is located in one of the following 20 counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton

_____7. Current résumé of all principals of company showing Education, Training, Employment and Experience with dates

_____8. Provide copy of the lease, rental, or management agreement for business premises, including local business telephone number

_____9. Organizational Chart

_____10. All applicants must choose between one (1) and four (4) NAICS codes

_____11. Company Capability Statement

_____12. URL (web) Address

_____13. Previous three (3) years Federal Tax returns including all schedules

_____14. Equipment rental and purchase agreement (if applicable)

_____15. Proof of capital invested (canceled checks, front and back)

***Applications will not be processed without this information**

The Certification Affidavit and all supporting documents must be submitted together. All supporting documents relevant to your legal form of business enterprise (corporation, general partnership, limited partnership, sole proprietor or limited liability company) must also be submitted with the Certification Affidavit. Failure to submit all the required documentation will result in a delay in the processing or denial of certification of your business.

Completed applications may be mailed or presented to the office; **NO** faxed copies will be accepted.

Submit all completed documents with tabs to:

City of Atlanta
Office of Contract Compliance
68 Mitchell Street SW, Suite 5100
Atlanta, Georgia 30303

Dear Prospective Minority, Female, Small Business Enterprise Applicant:

This page is to help you properly identify NAICS Codes for your industry for Certification.

Our list of NAICS Codes is located on the City of Atlanta website at www.atlantaga.gov/contractcompliance. Next, scroll down to **NAICS Search Tool** and click the link, taking you to the NAICS search tab. Enter the keyword or description for your industry in the search field and click "**Submit.**" Scroll down the page to view the results.

If you have any questions, please contact the Office of Contract Compliance at (404) 330-6010.

Please list up to four (4) NAICS Codes and corresponding business descriptions below:

____

____

____

____

CITY OF ATLANTA
EQUAL BUSINESS OPPORTUNITY/SMALL BUSINESS OPPORTUNITY
CERTIFICATION AFFIDAVIT
FOR

______________________________	______________________________
Name of Enterprise	**Supplier ID#**
______________________________	______________________________
Tax ID#	**Email Address**
City of Atlanta Project Pending? **[ ] Yes [ ] No**	**Bid Due Date:________________________**
FC#________________________________	**Name of Project:______________________**

The information supplied herein by an authorized individual shall clearly identify and evidence the extent of minority and/or female ownership and control of this business enterprise.

All required supporting documents must be included, along with the signature of the authorized persons affixed where ever requested. This Certification Affidavit must be signed and notarized prior to evaluation by the Office of Contract Compliance.

*Note: All items on this Certification Affidavit must be completed and submitted to the Office of Contract Compliance at the same time.

Definitions:
City of Atlanta Ordinance Section 2-1443 and Section 2-1357 set out the definitions for "African American Business Enterprise" (AABE), "Asian Pacific American Business Enterprise" (APABE), "Bid", "Bidder", "Commercially Useful Function", "Controlled", "Eligible Project", "Female Business Enterprise", (FBE), "Hispanic American Business Enterprise" (HABE), "Joint Venture", "Minority Business Enterprise", (MBE) and “Small Business Enterprise (SBE).

"Minority Business Enterprise (MBE)": a business which is an independent and continuing operation for profit, performing a commercially useful function and which is owned and controlled by one or more minority group members, as defined in Section 2-1356, which group has been determined to have suffered discrimination requiring amelioration as defined in Section 2-1445(23), (24) and is certified as such by the city.

"Owned": the minority or female owner, shall possess an ownership interest of at least 51 percent of the business; such ownership shall be real and continuing and shall go beyond the mere indicia of ownership of the business reflected in the ownership documents; and the minority or female owner shall enjoy the customary incidents of ownership and shall share in the risks and profits commensurate with their ownership interests, as demonstrated by an examination of the substance, rather than the form of ownership arrangements.

"Controlled": the minority or female shall possess and exercise the legal authority and power to manage business assets, good will and daily operations of the business; and actively and continuously exercise such managerial authority and power in determining the policies and directing the operations of the business.

APPLICANT IS APPLYING FOR CERTIFICATION AS:

_________African American Business Enterprise (AABE) __________ Corporation

_________Female Business Enterprise (FBE) __________Partnership

_________Hispanic American Business Enterprise (HABE) __________Sole Proprietor

_________Asian (Pacific Islander) American Business Enterprise (APABE) __________Limited Part.

__________Small Business Enterprise (SBE) _________Limited Liability

In an effort to become certified for participation in the City of Atlanta's EQUAL BUSINESS OPPORTUNITY PROGRAM and/or SMALL BUSINESS OPPORTUNITY PROGRAM, affiant/applicant offers the following information as evidence of its qualifications:

1.

The name of the principal, owner, partner, or corporate officer is:

____Title____________________

The mailing address is: ____

City: ___________________County: ______________State: ________Zip:__________

Telephone: ______________________________Fax___________________________

Pager:________________________________Mobile:______________________

Email Address:
____

2.

A. Is the principal/owner a citizen of the United States? [ ] yes [ ] no

B. If NO, is the principal/owner a lawful permanent resident of the United States?
[ ] yes [ ] no

C. Current certification as an DBE or ACDBE issued by GDOT or MARTA?
[ ] yes [ ] no

D. Previous certification as an M/FBE or SBE with the City of Atlanta? [ ] yes [ ] no

E. Previous certification as an M/FBE or SBE with any other governmental agency?
[ ] yes [ ] no

F. If you answered YES to any of the above questions, please provide a copy of the respective certifications, approval letters or certificates and attach them to this CERTIFICATION AFFIDAVIT.

G. Denial of certification as an M/FBE or SBE by any governmental agency?
[ ] yes [ ] no

H. If YES, submit copy of denial document.

I. Has there been participation and involvement by any of the principals in another firm wherein there has been a challenge, appeal or suspension of M/FBE or SBE certification by the City of Atlanta or any other governmental entity? [ ] yes [ ] no

J. If YES describe the following: (a) the name of the enterprise, (b) the name of the principal, (c) whether the action was a suspension, (d) whether the enterprise filed a formal appeal, (e) the Name of the governmental agency (including phone number) and (f) the current status of the challenge, appeal and/or suspension is:

____
____
____

3.

Are there any licenses or accreditations required to engage in the business of your enterprise? [ ] yes [ ] no

Type	Issued to	Issued by	Date Issued
______________	____________	_____________	_____________
______________	____________	_____________	_____________

4.

The business was started, formed and/or acquired by its present owners on _________20_____ in the following manner:

_____________Bought as existing business __________Started as new business

_____________Secured Franchise __________Merger or consolidation

Other Manner; explain
____
____
____

5.

If the business previously operated under another name, please provide the previous name and address of the enterprise:

____
____
____

6.

Are the owners, partners or principals of the enterprise affiliated with any other firm(s) as employees, shareholders, directors, members, or owners? [ ] yes [ ] no

If YES, they are:

Name of Person Affiliated with another firm	Person's title at affiliated firm	Name of affiliated firm	Affiliated firm telephone
______________	______________	______________	______________
______________	______________	______________	______________
______________	______________	______________	______________

7.

The total amount of monies and all items of any value owed to the enterprise by any and all firm principals and/or spouse(s) or family members of principals:

Title/Name	Reason for Debt	Amount of Debt	Date Issued/Due
______________	______________	______________	______________
______________	______________	______________	______________
______________	______________	______________	______________

8.

The total amount of monies and all items of any value which the enterprise owes to any shareholder, partner, principal, officer or member of the applicant enterprise or any spouse or sibling of the applicant enterprise:

Title/Name	Reason for Debt	Date Issued/Due
______________	______________	______________
______________	______________	______________
______________	______________	______________

9.

The assets of the applicant/business, including real estate holdings, trade equipment, office furnishings and office equipment include:

Description of Asset	Real Dollar Value	Type of Lien/Encumbrance upon the Property
____________________	______________________	_____________________
____________________	______________________	_____________________
____________________	______________________	_____________________

10.

____is a **SOLE PROPRIETOR**
(Name of Business Enterprise)

Name of Owner ____

Home Address ____

Ethnic Group _____________ Sex _________ Date of Investment _____________________

11.

What persons, firms, or entities have loaned monies to the Sole Proprietor?

Person/Firm	Amount	Reason for Loan	Condition/Terms
_______________	______________	_________________	_____________________
_______________	______________	_________________	_____________________
_______________	______________	_________________	_____________________

12.

Is the Company bonded? [ ] yes [ ] no

If YES, list the current bonding company, bonding limits, amount of any Letter of Credit, the issuing banking institution, and attach copy of bond letter

Bonding Co./ Address	Bond Limit	Issuing Bank	Dollar Value of Letters of Credit
_______________	______________	_________________	_____________________
_______________	______________	_________________	_____________________
_______________	______________	_________________	_____________________

13.

The name, title, sex and ethnic groups of the individuals of the business enterprise most responsible for:

The name, title, sex and ethnic groups of the individuals of the business enterprise most responsible for:

a. Determining what jobs the enterprise will undertake

Name	Title	Ethnic Group	Gender

b. Project Supervision

Name	Title	Ethnic Group	Gender

c. Major Expenditures

Name	Title	Ethnic Group	Gender

d. Hiring/Firing Personnel

Name	Title	Ethnic Group	Gender

e. Preparing Job Estimates

Name	Title	Ethnic Group	Gender

f. Submitting Quotations

Name	Title	Ethnic Group	Gender

g. Reviewing Plans and/or Specifications

Name	Title	Ethnic Group	Gender

h. Field Supervision

Name	Title	Ethnic Group	Gender

i. Project coordination

Name	Title	Ethnic Group	Gender

j. Equipment Rental

Name	Title	Ethnic Group	Gender

k. Purchasing of Equipment and Supplies

Name	Title	Ethnic Group	Gender

l. Marketing and Sales

Name	Title	Ethnic Group	Gender

m. Securing Insurance

Name	Title	Ethnic Group	Gender

n. Securing Bonding

Name	Title	Ethnic Group	Gender

o. Securing Employee Benefits

Name	Title	Ethnic Group	Gender

p. Signing surety bonds

Name	Title	Ethnic Group	Gender

q. Signing Payroll Checks

Name	Title	Ethnic Group	Gender

14.

The Sole Proprietor's Primary Banking Institution is:

Name of Bank	Address/City	Contact Person	Checking Acct. Number

15.

The name and Title of the Person(s) whose signature is required on any checks for the payment of any and all expenses of the Sole Proprietor including payroll and operational expense are:

Name	Title	Type and # of Authorized Acct.	Number of Accompanying Signatures
______________	______________	________________	____________________
______________	______________	________________	____________________

16.

List the annual salaries, bonuses and commissions of the sole proprietor, including employees of the sole proprietor's staff/personnel during the past 12 months

Name	Title	Salary	Bonus	Comm.	Total
______________	______________	________	________	________	_________
______________	______________	________	________	________	_________
______________	______________	________	________	________	_________

If no salaries, bonuses, and commissions have been paid during the last 12 months, please provide a brief explanation:

____

____

____

17.

Major equipment rented, leased or owned by the Sole Proprietor for business purposes is as follows:

Equipment Type	Rented/Leased Or owned	Name of Lessor	Lessor’s Phone Number	Initial and End Date of contract
______________	___________	______________	________________	_________
______________	___________	______________	________________	_________
______________	___________	______________	________________	_________

18.

Does the Sole Proprietor share office space with another enterprise? [ ] yes [ ] no

If Yes:

Name of other firm	Address	Type of Space	Relationship to Applicant/Principal
______________	______________	______________	______________
______________	______________	______________	______________
______________	______________	______________	______________

19.

What persons, firms or entities contributed equipment, finances or personnel to the Sole Proprietor?

Name of Firm	Address/City	Telephone Number	Amt. and Type of Support Supplied
______________	______________	______________	______________
______________	______________	______________	______________
______________	______________	______________	______________

20.

A. Two (2) Current Customers of the Sole Proprietor are:

Customer **Address/City** **Telephone**

____

Description of Work Performed: ____

____

Customer **Address/City** **Telephone**

____

Description of Work Performed: ____

____

B. The Sole Proprietor, ______________________________has performed as a **PRIME CONTRACTOR** and has had the occasion to **SUBCONTRACT** work to the following firms:

Subcontractor Firm	Address, City	Telephone#	Contract Date
_____________	____________	_______________	__________________
_____________	____________	_______________	__________________
_____________	____________	_______________	__________________

C. The Sole Proprietor, ______________________________has performed as a **SUBCONTRACTOR** and has had the occasion to **PRIME CONTRACTORS** work to the following firms:

Prime Contractor	Address, City	Telephone#	Contract Date
_____________	____________	_______________	__________________
_____________	____________	_______________	__________________
_____________	____________	_______________	__________________

The undersigned does hereby swear or affirm that the statements contained in THIS EQUAL BUSINESS OPPORTUNITY/SMALL BUSINESS OPPORTUNITY CERTIFICATION AFFIDAVIT and all attachments which have been provided in support of the foregoing application for certification are true, accurate, complete and include all information necessary to identify and explain the ownership and operation of:

____

(Name of Business Enterprise)

Further, the undersigned does covenant and agree to provide the City of Atlanta's Office of Contract Compliance with current, complete and accurate information regarding this Affidavit, its attachments or any other information deemed reasonably relevant to any project or contract issued by the City of Atlanta. The undersigned further agrees that as part of this certification procedure, OCC may freely contact any person or organization named in this application to verify statements made in this application and/or to secure additional information or data required to grant to, or withhold form the applicant enterprise certification as a Minority-owned Business Enterprise, Female Business Enterprise or a Small Business Enterprise. The undersigned understands and agrees that failure to submit required materials and/or to consent to interview(s), audit(s), and/or examination(s) will be grounds for immediate rejection of this application for certification or re-certification. It is recognized and acknowledged that the statements contained in this application are being under oath and that any material misrepresentation shall be construed and deemed to be subject to Section 106-90 of the City of Atlanta's Criminal Code of Ordinances in addition to being grounds for denial of certification or for de-certification and may result in the denial of an award or the termination of contracts which may have been awarded as a result of the information contained in this application.

The undersigned further acknowledges that information contained in this application may be shared with any public department or agency so long as the sharing of such information is in reasonable furtherance of the OCC investigation. It is further understood that certification will be revoked if after proper investigation by OCC, the applicant is determined to be engaging in activities which circumvent the intent of the EBO Program.

PROHIBITIONS AGAINST FALSE AND FRAUDULENT REPRESENTATIONS TO THE CITY

Pursuant to Atlanta City Code Section 106-90, it shall be unlawful for any person, knowingly and willfully and with intent thereby to mislead either on such person’s own behalf or on behalf of others, as principal or agent, to make or file orally or in writing any false representations of fact to any department of City government. The City will impose applicable penalties and sanctions against any person making such false representation in connection with the City’s Equal Business Opportunity and Small Business Opportunity Programs. In addition, the City will seek all available remedies under Georgia and

Federal statutes against any person who knowingly, willfully or fraudulently attempts to obtain certification as a minority or female business enterprise.

ATTESTATION: I CERTIFY THAT ALL REPRESENTATIONS IN THIS CERTIFICATION AFFIDAVIT ARE CORRECT AS OF THE DATE STATED. THE UNDERSIGNED FURTHER ACKNOWLEDGES THAT CERTIFICATION IS NORMALLY REVIEWED EVERY TWO YEARS, HOWEVER, THE OFFICE OF CONTRACT COMPLIANCE RETAINS THE RIGHT TO RE-EVALUATE THE CONTENTS OF THIS APPLICATION AT ANYTIME. THE UNDERSIGNED ALSO SWEARS OR AFFIRMS THAT THE COPIES OF THE RECORDS WHICH ARE ATTACHED HERETO AND IDENTIFIED WITH ALPHABETIZED TABS ARE TRUE AND CORRECT COPIES OF THE BUSINESS RECORDS AS MAINTAINED BY THE UNDERSIGNED ON BEHALF OF

____

(Name of Enterprise)

Name of Person Signing: (Print) ______________________________________

Title of Person Signing: (Print) _______________________________________

Signature:

____

(Must match name of person signing)

____

Notary Public (Must exhibit seal or stamp to be acceptable)

CITY OF ATLANTA
Contract Employment Report

PLEASE TYPE OR PRINT IN INK. EACH APPLICABLE ITIEM ON THIS FORM MUST BE COMPLETED. ***INCOMPLETE FORMS WILL NOT BE PROCESSED.***

NAME OF FIRM: ________________________ ***TELEPHONE NO.:***____________

NAME OF OWNER:______________________ ***FAX NO.:***___________________

MAILING ADDRESS: ___________________ ***CITY:*** ______________________

STATE: ____________ ***COUNTY:*** ___________ ***ZIP CODE:*** ___________________

PLEASE COMPLETE THE FOLLOWING INFORMATION:

WHAT TYPE OF BUSINESS WOULD YOUR COMPANY BE ENGAGED IN WITH THE CITY OF ATLANTA?

____

IS YOUR COMPANY AN AFFILIATE OR DIVISION OF A PARENT COMPANY?
____

IF YOUR COMPANY IS A DIVISION OF A PARENT COMPANY, A CONTRACT EMPLOYMENT REPORT FORM MUST BE COMPLETED FOR THE PARENT COMPANY AS WELL AS THE ATLANTA AREA DIVISION.

PLEASE LIST THE NUMBER OF EMPLOYEES IN EACH CATEGORY

	Management Officials		Professionals Engineers, Arch, etc.		Supervisors		Office/ Clerical Sales		Craftsmen/ Laborer	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Black										
White										
Asian Am.										
Native Am.										
Hisp. Am.										
Other										
Total										

I CERTIFY THAT ALL REPRESENTATIONS ON THIS CONTRACT

EMPLOYMENT REPORT FORM ARE CORRECT AS OF THE DATE STATED.

____________	____________________	____________________	______
DATE	**PRINT PREPARER'S NAME**	**PREPARER'S SIGNATURE**	**TITLE**

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