

Social Entrepreneurship in Black-majority Neighborhoods: The Case of Indianapolis

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Abstract

The study explores how social entrepreneurship is shaped by its environment and particular institutional arrangements and contextual factors by focusing on the nature of engagement and participation by business owners in Indianapolis' fourteen Black-majority neighborhoods. The study seeks to answer the following two research questions: a) In what ways can these small business entrepreneurs be considered social entrepreneurs, and b) how do these small business entrepreneurs overcome existing barriers to contribute to the revitalization of their neighborhoods? The study uses an exploratory research design involving an online structured questionnaire and informal conversations with study participants. Selected participants met three criteria: a) geographic sampling, b) institutional context, and c) different business typologies. Findings from the survey and the informal conversations point to the daily struggles many small businesses face as they struggle to survive, including access to financial and human capital, generating low revenue, and operating with few employees.

Keywords: Black-majority Neighborhoods; Social Entrepreneurship; Motivators; Barriers; Small Business

Introduction

This study explores the motivations of owners of small to medium-sized enterprises (SMEs) in Indianapolis's fourteen Black-majority neighborhoods to create social value while maximizing profits. Social entrepreneurship began drawing the attention of academic researchers in the 1990s (Boschee, 1995; Bornstein, 1998; Dees, 1998a, b; Leadbeater, 1997; Thompson et al., 2000). The early definitions discussed the roles of mainly nonprofit organizations and their executives as agents of social change. Dees (1998 a, b) refers to a social mission carried out with the discipline, innovation, and determination to run a business. Thompson et al. (2000) discuss improvements to meet social needs that the state welfare system has not met. Recent definitions have added the term commercial entrepreneurship to explore the role of business ventures as agents of social change (Austin et al., 2006). Other authors refer to sustainable ventures that combine "business principles with a passion for social impact" (Wolk, 2008, p. 1) and a desire to change the social equilibrium to reach a better state (Light, 2008).

Social entrepreneurs are individuals who strive to create social value by employing business concepts in new and "entrepreneurial" ways that improve the lives of marginalized segments of a population who are unable or incapable of improving their conditions (Peredo & McLean, 2006; Seelos & Mair, 2005; Thompson, 2002). Martin and Osberg (2007) define a social entrepreneur as someone who "targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity, which brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large" (p. 39).

The discrimination experienced by Black entrepreneurs in this country has deprived them of

access to capital while impoverishing their customer base (Unger et al., 2011; Waldinger et al., 1990) and is strongly related to closures and low levels of profitability (Bates & Robb, 2014). Rather than recognizing the actual impacts of discrimination, scholars in the 1960s and 1970s attempted to explain the lack of a robust Black business ecosystem by using social and cultural reasons. One reason offered is the lack of unique home country cultural needs that might generate entrepreneurs in the black community (Glazer & Moynihan, 1963). A second reason is that Black communities are too individualistic and lack the supporting network and solidarity that other thriving ethnic groups enjoy (Light, 1972). Light goes a step further by suggesting that black cultural values do not foster entrepreneurial activity.

Black entrepreneurs began pursuing their dreams of owning businesses soon after the abolition of slavery. One notable example is Black Wall Street of Tulsa, Oklahoma (Messer et al., 2018). Walker (2009) calls the period from 1900 to 1930 the "golden age of black business," where "leading black capitalists . . . reflected their success within a black economy, which developed in response to the nation's rise of two worlds of race." (p.183). Walker observed that Black entrepreneurs served mainly Black customers in a country divided along racial boundaries. Prieto (2019) notes that many early Black business entrepreneurs realized the importance of supporting and strengthening the people they serve, including their employees, customers, and local communities. Indianapolis' own Madame C. J. Walker is one such example. Walker built a hair products empire and is considered one of the twentieth century's most successful, self-made women entrepreneurs, philanthropists, and activists (Bundles, 2020).

Racial discrimination, including the adverse effects of Jim Crow laws, contributed to the steady decline of the Black entrepreneurial ecosystem in the 1940s. Over four decades, Black business ownership began to grow again (Feldman, 2017). Nevertheless, black entrepreneurs continue to experience the impacts of structural and institutional racism. Fischer and Massey (2000) and Fairchild (2009) found that residential segregation depresses Black self-employment. Sixty-five percent of Black people live in sixteen states that score poorly on the US Economic Opportunity Index (Rackers et al., 2020), the majority residing in poor neighborhoods. The Index is a composite measure made up of indicators in four dimensions that include economy, education, health, and community.

Black homeowners also experience discrimination in lending. Homeownership is a vehicle for creating generational wealth, giving oneself independence, and pursuing dreams of owning a business. However, Black people have historically not been given the same access to homeownership as people in the majority. A report by the Congressional Black Caucus Foundation (Howard, 2019) explains that segregationist policies, such as redlining, zoning laws, and discriminatory lending policies, prevented Black families from building wealth throughout the 20th century. The results of these discriminatory practices are striking. According to the Federal Reserve's Survey of Consumer Finances (Bhutta et al., 2020), the median wealth of white families was \$188,200, compared with \$24,100 for Black families.

The lack of generational wealth significantly impacts Black business owners' ability to secure loans based on current loan scoring models. Such models consider credit score, personal debt, annual income, and the home's physical location and assessed value. Collins et al. (2016) concluded that it would take a couple of centuries for the average Black family to earn the same wealth as the average white family. Shapiro et al. (2013) found that each increase of one dollar in average income that Black households saw between 1984 and 2009 yielded \$0.69 in additional wealth. For similarly situated White households, the same increase in income created \$5.19 in wealth. This gap will never close if the country stays on its current economic path.

From this context, the study explores the following two research questions:

1. How can business owners of SMEs in the city's Black-majority neighborhoods be considered social entrepreneurs?
2. How do business owners overcome existing barriers to owning a business to improve lives in their neighborhoods?

Literature Review

Business owners in Black-majority neighborhoods

The widely held stereotype that Black-majority neighborhoods are poor and dangerous places is misleading. Black-majority neighborhoods are diverse and changing like other neighborhoods, but poverty and unemployment remain a reality (Berube & Frey, 2005). A review of the available literature points to conflicting strategies to address these issues. For example, Porter (1995, 1997) argues against investing in minority supplier development programs because Black-owned businesses are too small to contribute significantly to neighborhood revitalization. On the other hand, Sawicki and Moody (1997) argue that Black-owned businesses in depressed neighborhoods contribute to regeneration by offering employment opportunities to a disadvantaged labor force.

Several studies explored the challenges minority business owners face in accessing capital compared to equally credit-worthy White-owned businesses (Bates, 1973; Bates, 2010; Casey et al., 2011; Chetty et al., 2020; Derenoncourt & Montialoux, 2021). Moreover, among the minority community, Black-owned businesses with similar credit scores as other minority-owned businesses are the least likely to access the financing they need (Small Business Credit Survey, 2021). Several studies of firm-level data document this disparity (Bates, 1997; Fairlie et al., 2020; Robb & Fairlie, 2007; Fairlie & Robb, 2007). For example, a mystery shopping study (Bone et al., 2017) concluded that White borrowers were more likely to be offered follow-up appointments with bankers than better-qualified Black borrowers. The authors concluded that a central challenge to Black entrepreneurs is not a lack of assets but access to capital and credit needed to grow their businesses.

Thompson Cochran et al. (2002) argued that passing the Community Reinvestment Act (CRA), revised in 2020, remains one of the more promising strategies for helping underserved populations and communities accumulate savings and access credit. CRA pressured commercial banks and thrifts to consider the credit needs of all borrowers, including those in low-income neighborhoods (Immergluck, 2004). The pressure applied to banks resulted in a net increase in minority owners seeking financing to start or expand businesses in these neighborhoods (Bates & Robb, 2015).

The average level of startup capital for Black entrepreneurs is around \$35,000, a third of their White counterparts (Baboolall et al., 2020). Perry (2020) reports that almost 40 percent of Black business owners feel discouraged from applying for business loans. Less than a fifth of them say receiving assistance from loan officers in completing business loan applications. According to the Network Journal (2021, July 9), 80 percent of Black-owned businesses fail within the first 18 months. Common reasons cited include poorly designed business plans, lack of market research, poor management, and no access to capital.

Black-owned businesses in black-majority neighborhoods are essential to the financial backbone of their communities. In addition, black-owned businesses are more likely to hire Black workers (Boston, 2005). According to Maxwell et al. (2020), Black Americans own less than 20 percent of small businesses with employees. That translates to just over 2.6 million Black-owned

businesses. Their numbers have risen by more than 30 percent in the past decade, but many are struggling to survive, generating revenues of less than \$100,000 annually and having few employees. A Brookings report (Perry & Romer, 2020) points out that Black-owned businesses create an average of ten jobs, while non-Black businesses create twice as many jobs. If Black-owned businesses were to match their White counterparts in job creation, they would start over 1.6 million jobs. The average pay for a non-Black-owned business is around \$51,000 per year. If Black-owned businesses matched that, their employees would earn a combined \$24 billion per year. Moreover, if Black-owned businesses earned the same revenue as non-Black-owned businesses, total revenue would increase by \$5.9 trillion. Investments at these levels would go a long way to reducing social disparities in Black-majority neighborhoods.

There are encouraging signs that point to a rise in the number of Black business owners across the nation since the recent pandemic. Revised estimates from the University of California, Santa Cruz (2022), reported initially by Fairlie (2020), point to an increase of 38% in Black-owned businesses between February 2020 and August 2021. In Indianapolis, the Indy Black Chamber of Commerce reported a 33% increase in membership, adding eighty-two new small businesses to their organization in 2021 (Drenon, 2022, January 6).

Theoretical framework

Shane and Venkataraman (2000) define commercial entrepreneurs as those who can mobilize resources to turn opportunities into businesses. Another important consideration is the social context's influence on commercial entrepreneurs' behavior (Jack & Mouzas, 2007). Sarason et al. (2006) describe commercial entrepreneurship as a "social undertaking" only explained within the context of social systems. As commercial entrepreneurship increasingly becomes more socially aware (Burchell & Cooke, 2006), society's expectations of businesses' social outcomes will continue to rise (Jack & Anderson, 2002; Berglund Johansson, 2007).

Like their commercial counterparts, social entrepreneurs' interests also lie in identifying and pursuing opportunities through creating and operating new businesses, often to reduce customer needs. In many instances, their interests are even more ambitious than those of commercial entrepreneurs (Clark et al., 2017; Dees & Anderson, 2003) as they seek to address societal challenges, such as poverty and social exclusion, within the context of social value creation (Mair & Martí, 2006; Sharir & Lerner, 2006). Perrini (2006) describes that social value can improve social conditions, such as working conditions, employment opportunities, or integration and participation within the community.

For this paper, we define the term social entrepreneurship as an entrepreneurial activity with a social purpose in either the for-profit sector (Dees & Anderson, 2003), corporate social entrepreneurship (Wei-Skillern, 2002), or the nonprofit sector (Dees, 1998b). The underlying desire is to create social value (Weitzel et al., 2010; Zadek & Thake, 1997). Seelos and Mair (2005) discuss the creation of businesses to serve the disadvantaged by creating innovative solutions to solve existing problems. Social entrepreneurs value profit generation and an opportunity to create change by providing community value (Dees, 1998b; Johnson, 2002; Teakle, 2000) towards building a sustainable community (Johnson, 2002). This definition supports the broader understanding that social entrepreneurs aim to improve their communities' well-being through actions (Agafonow, 2014). Choi and Majumdar (2014), Driver (2012), and Porter and Kramer (2011) go a step further and praise the benefits of integrating economic benefits with social value creation. This integration becomes the main characteristic of social entrepreneurship (Doherty et al., 2014; Pache & Santos, 2013; Tracey et al., 2011).

Several recent academic case studies address the impact of social entrepreneurship in and for marginalized communities, often in developing countries (Biddulph, 2017; Laeis & Lemke, 2016). However, very few studies investigate the impact of SMEs as agents of social change in underserved communities in developed countries, particularly in the United States. Furthermore, the few studies available focus on the challenges faced by ethnic minority and women-owned businesses (Bates et al., 2018; Fairlie & Robb, 2008; Wang, 2018a), while a few others focus on the role of cultural entrepreneurship in underserved urban areas (Wang et al., 2021; Wang & Richardson, 2021).

From the above theoretical position, we use an adapted framework proposed initially by Kimbu and Ngoasong (2016) to investigate whether business owners in Black majority neighborhoods can be social entrepreneurs. In doing so, we explore how they overcome existing barriers to owning a business while improving the lives of people around them. Kimbu and Ngoasong proposed the original framework to illustrate how women tourism entrepreneurs in Cameroon could meet their own commercial and social transformation goals while contributing to meeting the needs of the very poor and underprivileged in their communities.

Research context and methods

The context of business owners in Black-majority neighborhoods

Most of the literature on minority entrepreneurship or entrepreneurship in disadvantaged communities has focused primarily on the entrepreneurial activities of immigrant groups. Entrepreneurial activity in Black-majority neighborhoods has received little attention in the academic literature. According to the Center for Research on Inclusion and Social Policy (2020), 48% of Black Marion County residents live in a Black-majority neighborhood where 88% of the homes are valued less than the county's median home value. Our research setting is Indianapolis, the capital of the state of Indiana and the seat of Marion County. Indianapolis has a population of almost 900,000; 29% of the population is Black or African American (US Census Bureau, 2021). The fourteen Black-majority neighborhoods that comprise the study's population are identified using Indy Vitals (2022). This online community information system relies on population data from the US Census Bureau's 2020 Decennial Census (Table 1).

Indianapolis presents a stark contrast between socioeconomic statuses, and this study aims to identify social entrepreneurial activity in some of the city's most depressed neighborhoods. We identified fourteen Black-majority neighborhoods whose demographic indicators, such as median household income and poverty rates, trail other neighborhoods in the city. Zip codes are only utilized to define targeted neighborhoods. Therefore, some neighborhoods cross over multiple zip codes. In this project, the data is organized mainly by the 2019 census data gleaned from Indy Vitals and the SAVI database run through the Polis Center in Indianapolis.

In terms of institutional context, the devaluation of the housing market in the city's Black-majority neighborhoods points to the lasting effects of past racist policies. These policies prevent Black families from building wealth and make it much harder for business owners to open and maintain a business than their counterparts in other neighborhoods. A recent SAVI report (Townesley et al., 2021) studied over a million loan applications filed in Central Indiana between 2007 and 2020. It concluded that there are still racial and geographic differences in loan denial rates. The loan denial rates tended to be higher in low-income neighborhoods and neighborhoods of color. A reason for this disparity is that the applicant's income and creditworthiness are not the only criteria considered. Lenders consider a neighborhood penalty when approving or denying home purchase and refinance loan applications (Steiner & Nowlin, 2022).

Research design and data collection

More research is needed about SMEs' contributions to neighborhood development, their characteristics, and their owners' motivations (Seidman, 2002). These business owners face challenges ranging from higher crime rates, poor infrastructure, and poor employee skills to difficulty accessing capital to sustain and grow their businesses (Gartner & Bhat, 2000). For example, a study by Morland et al. (2002) found that wealthier neighborhoods have four times as many supermarkets as Black-majority neighborhoods, and the stores in Black-majority neighborhoods are much smaller. Kugler et al. (2017) reported that businesses in low-income areas have fewer employees, lower average payrolls, and are more likely to have no paid employees than businesses in other neighborhoods. Moreover, most businesses in low-income areas are Black-owned (Boston, 1997; Simms & Allen, 1997; Williams, 1994).

We adopted a mixed methods research design consisting of online structured questionnaires and informal observations from the study's participants. This approach is considered suitable for studying SME owner-operator goals and the performances of their firms (Newby et al., 2014). Study participants were selected using purposive samplings, a non-probability sampling in which researchers rely on their judgments when choosing members of the population to participate in a study (Etikan, 2016). The selection of participants was based on three criteria:

- Geographic sampling (14 Black-majority neighborhoods)
- Institutional context (business owners of diverse racial backgrounds)
- SMEs with assets not to exceed \$1 million

Table 1. Neighborhood Demographics

Neighborhood/corresponding zip code(s)	People of Color (2019)	Black (2019)	Median Household Income (2019)	Poverty Rate (2019)	Population (2020)	Total neighborhood jobs (2016) *
Arlington Woods (46226)	78%	59.71%	\$27,700	29%	8,291	10,410
Brendonwood (46226)	67%	56.21%	\$44,600	26%	3,264	185
Crown Hill (46208)	74%	68.03%	\$28,500	37%	4,506	3,944
Devington (46226)	85%	73.07%	\$40,400	25%	11,925	798
Devon (46226)	61%	50.43%	\$47,400	16%	1,951	22
Far Eastside (46219, 46225, 46235)	75%	57.56%	\$36,700	27%	40,647	11,594
Forrest Manor (46218)	89%	83.20%	\$37,600	27%	3,497	71
International Marketplace (46254)	91%	59.42%	\$32,100	37%	720	3,631
Mapleton/Fall Creek (46205, 46208, 46218)	69%	63.19%	\$42,900	24%	6,829	1,664
Marian-Cold Springs (46222)	82%	63.13%	\$40,900	32%	3,242	1,696
Martindale-Brightwood (46218)	91%	84.34%	\$24,200	30%	12,578	3,950

Meadows (46205)	92%	81.29%	\$25,600	39%	6,561	2,184
Near NW-Riverside (46208)	78%	63.99%	\$29,100	35%	7,856	3,356
Snacks/Guion Road (46254)	77%	54.52%	\$55,000	12%	29,592	8,381

*<https://www.savi.org/2016/08/09/indy-vitals-blog-series-economic-profile-of-indianapolis-which-job-sectors-are-present-in-your-neighborhood/>

Table 2. Community Gatekeepers

Community Gatekeepers	Organization Websites
Community Alliance of the Far Eastside	https://www.cafeindy.org/
Councilwoman La Keisha Jackson/District 14	https://www.jackson4indy.com/meet-ms-jackson
Edna Martin Christian Center	https://ednamartincc.org/
Far Eastside Community Council	https://www.feccindy.org/
Fervent Prayer Church	https://fpcindy.com/
Finish Line Youth Foundation	https://www.finishline.com/
Hispanic Business Council	https://www.hispanicbusinesscouncil.com/
Indiana Black Expo	https://www.indianablackexpo.com/
Indianapolis Neighborhood Resource Center	http://www.inrc.org/
Innopower	https://innopowerindy.com/
International Marketplace Coalition	https://www.imcoalition.org/
Kheprw Institute	https://kheprw.org/
La Plaza	https://www.laplazaindy.org/
LISC Indianapolis	https://www.lisc.org/indianapolis/
Mapleton Fall Creek Development Corporation	https://mfcdc.org/
Martindale-Brightwood Community Development Corporation	https://mbcdc.org/
Moorhead Community Resource Center	https://hawthorne.warren.k12.in.us/
Mt. Carmel Church	https://mtcarmelindy.org/
Pace Indy	https://www.paceindy.org/
The Alliance for Northeast Unification	https://www.anuimpact.org/
The Indianapolis Recorder	https://indianapolisrecorder.com/
The Ross Foundation	http://therossfoundation.org/

In collaboration with twenty-two community gatekeepers (Table 2) operating within the geographic boundaries of the fourteen neighborhoods, the lead author recruited the study participants and offered instructions on how to take the self-administered Qualtrics questionnaire



online. These community gatekeepers represent organizations that have already earned the trust of their respective communities (Kay, 2019), and their involvement in promoting the study allowed the researchers to gain trust, establish rapport, and form empathetic, non-hierarchical relationships with neighborhood business owners.

This phase of the study lasted between August 2021 and May 2022. Since some business owners spoke Spanish, the questionnaires were available in Spanish and English. During the recruitment phase, the lead author discussed the study and offered to answer questions. These informal conversations led to valuable data that complemented and added to the data generated through the questionnaires. A review of contemporary qualitative research literature shows that researchers are using informal conversations as part of participant observation (Simpson et al., 2014; Thompson & Trigwell, 2018). As Swain and King (2022) point out, informal conversations in specific settings may be the best and sometimes the only way to generate good data. The use of these conversations as a secondary data collection method met the following criteria to avoid participant identification: a) notes were not to be organized in a way to allow for the attribution of comments to a particular participant; b) no direct quotes were to be used, and c) no audio or video recording to document the conversations.

A total of 94 completed and valid surveys were collected. The data were exported from Qualtrics to SPSS for quantitative data analyses, including descriptive statistics, independent samples t-tests, and multiple regression analyses. Specifically, respondents' demographic profiles and business backgrounds were explored with frequency analysis. The mean ratings of all perceptual items were reported. The independent samples t-tests were employed to understand how people in different demographic and business groups perceived the items differently. Finally, multiple regression analyses were conducted to identify the significant factors in predicting the social entrepreneurs' motivation, challenge, business success, and community involvement.

Findings

Respondents' Demographic Profiles

As shown in Table 3, male and female respondents are equally distributed, with male respondents accounting for 55.3% of the total sample. The mode age group is the 50s' (50-59 years old), representing 44.1% of the total. Respondents over 50 represent 72.1% of the sample. While those between 30 and 49 years of age make up 26.9% of the sample, only one participant is younger than 30. Among the respondents, 38.3% are college graduates or have post-graduate education. Around a quarter of the respondents (23.4%) are singles, 42.6% are married, and the others are widowed, divorced, or separated. Concerning race, over half of the respondents are black or African American (58%), 27.3% are white, and the rest are Asian or of other races.

Table 3. Respondents' Demographic Profiles

		Freq.	%			Freq.	%
Age	Below 40	8	8.6	Gender	Male	52	55.3
	40 to 49	18	19.4		Female	42	44.7
	50 to 59	41	44.1		Single	22	23.4

	60 or older	26	28.0	Marital status	Married or in a cohabiting relationship	40	42.6
Education	High School or less	44	46.8		Widowed/ divorced/ separated	32	34
	Some College	14	14.9	Race	Asian	10	11.4
	College/ University	28	29.8		Black or African American	51	58.0
	Postgraduate	8	8.5		White	24	27.3
					Other	3	3.4

Respondents' Business Backgrounds

About half (45.7%) of the respondents have owned the current business for more than ten years, nearly 30% for 6-10 years, and the others (24.3%) for five years or less. Regarding business size measured by total assets, 41.3% of the businesses are worth \$100,000 to \$500,000, 33.7% are worth less than \$100,000, while the other businesses (25%) are worth more than \$500,000. None of the businesses exceed \$1 million in assets. Participants operate a diverse group of neighborhood businesses; a fifth of these businesses are restaurants and coffee shops. Regarding business lifecycles, 39.1% are at the growth stage and 38% at the maturity stage. Only 12% are startups. A tenth (10.8%) of the businesses employ only one person, half (49.5%) employ 2-5 people, and around a quarter (28%) employ 6-10 people. Only one business employs more than 50 people. Regarding sources of capital, the vast majority (n=83) report some form of self-financing followed by financing from family and friends (n=53). Commercial banks make up the third most prevalent source of financing (n=32).

Ratings of the Perceptual Items

The perceptual items include motivation for starting a business, barriers to starting and running a business, factors affecting business success, and benefits to community involvement. Based on the mean values, the top-rated business motivations include:

1. To gain economic independence/advancement and to be my own boss (4.20)
2. To improve the quality of life in the neighborhood (4.18)
3. To contribute something useful to society (4.12)

The primary business barriers and challenges based on the mean values include:

1. Minority business owners encounter more significant difficulties than others in creating a new business (4.35)
2. Minority business owners find less support in society to create a new business than the majority group (4.35)
3. Availability of capital (4.25).

The top three business success factors include:

1. Ability to manage the business successfully (4.20)
2. Ability to identify business opportunities (4.15)
3. Ability to solve problems facing the business (4.05)

The top community involvement benefits include:

1. Makes my community stronger (4.58)
2. Helps me build business relationships (4.52)
3. Increases sales for my business (4.49)
4. Broadens my business network (4.49)
5. Preserves the culture and traditions of the community (4.47).

Results of Independent Samples t-test

Independent samples t-tests were conducted to understand better how people with different backgrounds perceived these items. The independent variables include gender (male vs. female), education (some college or less vs. college or more), race (non-Black vs. Black), business age (10 years or less vs. more than ten years), business status (startup/growth stages vs. maturity/survival stages), business size (5 people or less vs. more than 5) and years of experience (9 years or less vs. more than nine years), respectively. As illustrated in Table 4, the different groups perceived many significant items differently. All items in Table 4 are significant at the threshold P-value of 0.05; the positive t-values indicate that, for a grouping variable, the mean ratings of the first group are significantly more significant than the second group.

The negative t-values indicate the reverse result. Specific patterns of the perceptual differences of the items between the groups are notable. For example, regarding motivation for starting a business, males find the listed items more important in motivating them to start a business than females. In terms of barriers and challenges encountered, the listed barriers and challenges are more critical to the success of businesses by males, the relatively less educated Black Americans than non-Black Americans, businesses in operation five years or less, businesses at the maturity and survival stages, and the ones with relatively more people employed. Regarding the success factors, male businesspeople and those with higher education attainment levels perceived these abilities as more important in contributing to the success of a business than the other groups (i.e., females and the less educated). Finally, concerning the benefits of community involvement, males, the more educated, businesses with more than five years in operation, businesses at the maturity/survival stages, and business owners with longer years of business experience view community involvement as a significant contributor to the success of their businesses.

Table 4. Items with Significant Different Perceptions between the Groups

Between males and females:

Motivation for starting a business	To take on the challenges and risks that go with owning/running a business (t=2.03); To seek greater recognition and social prestige (t=3.00)
Barriers to starting and running a business	Lack of qualified employees (t=3.89); Too much competition (t=4.31); Availability of capital (t=1.66); Too much state interference/bureaucracy (t=1.80); Weak economy (t=2.68); Racial discrimination (t=2.89); Unsafe surroundings (t=2.68); Overall business challenge (2.00)
Factors affecting business success	Ability to act in uncertain environments (t=2.55); Ability to develop new products and services (t=1.87); Overall business success (t=1.80)

Benefits to community involvement	Increases sales for my business (t=2.76); Helps with my personal and professional development (t=2.02); Helps me Build business relationships (t=3.94); Helps me to model positive values for employees and applicants (2.51); Provides opportunities for feedback from customers (t=2.73); Broadens my business network (t=2.65); Makes my community stronger (t=2.27); Preserves the culture and traditions of the community (t=2.90); Overall community involvement (t=3.56)
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Between some college or less and college or more:

Motivation for starting a business	To take on the challenges and risks that go with owning/running a business (t=2.55); To seek greater recognition and social prestige (t=2.14); To have my own business so that my children will inherit it (2.49); To advance further professionally rather than working for others (t=-1.82); To leave a previous job (t=3.06); Overall motivation (t=-3.15)
Barriers to starting and running a business	Lack of qualified employees (t=4.5); Too much competition (t=5.13); Availability of capital (2.82) Too much state interference/bureaucracy (2.50); Weak economy (t=3.71); Absence of positive business role models (t=2.02); Racial discrimination (4.32); Minority business owners encounter greater difficulties than others in creating a new business (t=1.87); Minority business owners find less support in society to start a new business than the majority group (t=2.01); Unsafe surroundings (t=4.33); Balancing family and work life (t=-2.43); Overall business challenge (t=3.81)
Factors affecting business success	Ability to identify business opportunities (t=-2.20); Ability to use creativity in producing and/or selling something new (t=-3.03); Ability to solve problems facing the business (t=-2.15); Ability to manage the business successfully (t=-3.18)
Benefits to community involvement	Increases sales for my business (t=2.38); Helps me Build business relationships (t=2.55); Helps me to model positive values for employees and applicants (t=2.06); Provides opportunities for feedback from customers (t=2.34); Makes my community stronger (t=1.89); Preserves the culture and traditions of the community (t=1.95); Overall community involvement (t=3.23)

Between non-black and black Americans

Barriers to starting and running a business	Too much competition (t=2.00); Racial discrimination (t=-1.72); Minority business owners encounter greater difficulties than others in creating a new business (t=-3.20); Minority business owners find less support in society to create a new business than the majority group (t=-2.56)
Benefits to community involvement	Overall community involvement (t=2.05)

Between 10 years or less and more than ten years of business age:

Motivation for starting a business	To gain economic independence/advancement and to be my own boss (t=1.69)
Barriers to starting and running a business	Lack of marketing training (t=2.38); Overall challenge (t=2.01)
Factors affecting business success	Ability to identify business opportunities (t=1.99)

Factors affecting business success	Helps with my personal and professional development (t=-2.99); Provides opportunities for feedback from customers (t=-1.71); Helps me maintain work-life balance (t=-2.51); Makes me a better leader (t=-1.75)
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Between start-up/growth stages and maturity/survival stages of business:

Motivation for starting a business	To gain economic independence/advancement and to be my own boss (t=1.76)
Barriers to starting and running a business	Lack of qualified employees (t=-2.55); Too much state interference/bureaucracy (t=-1.95); Racial discrimination (t=-1.66); Minority business owners encounter greater difficulties than others in creating a new business (t=-2.17); Minority business owners find less support in society to create a new business than the majority group (t=-1.87)
Factors affecting business success	Ability to identify business opportunities (t=1.99)
Factors affecting business success	Helps with my personal and professional development (t=-1.778); Makes me a better leader (t=-1.67); Makes my community stronger (t=-2.22); Preserves the culture and traditions of the community (t=-1.93); Overall community involvement (t=-1.86)

Between 5 people or less and more than five people of business size

Barriers to starting and running a business	Lack of qualified employees (t=-2.89); Too much competition (t=-3.29); Weak economy (t=-2.31)
Benefits to community involvement	Overall community involvement (t=-1.96)

Between 9 years or less and more than nine years of business experience

Barriers to starting and running a business	Minority business owners find less support in society to create a new business than the majority group (t=1.68)
Factors affecting business success	Ability to identify business opportunities (t=2.02); Overall business success (t=-2.56)
Benefits to community involvement	Helps with my personal and professional development (t=-2.54); Provides opportunities for feedback from customers (t=-1.92); Makes me a better leader (t=-2.39); Preserves the culture and traditions of the community (t=-1.71); Overall community involvement (t=-2.77)

Determinants in Predicting the Overall Motivation, Business Challenge, Business Success, and Community Involvement

Multiple regression analyses were conducted to identify the significant variables in predicting:

- a) Overall, how motivated are you to start/run a business?
- b) Overall, how challenging is it to start/run a business?
- c) Overall, how successful do you think you have been starting/running a business?

d) Overall, how successful has your business been with community development?

As indicated in Table 5, the adjusted R^2 shows the total variance explained by the independent variables remaining in the models, ranging from .168 to .385. The F-ratios are all significant (F values range from 2.50 to 13.66, Prob. < 0.01), indicating that these results could hardly occur by chance. Furthermore, the t-values of the independent variables remaining in the models range from 2.681 to 4.449, meaning that all the partial correlations are statistically significant at 0.05.

The results show that one determining variable (to gain economic independence/ advancement and to be my own boss) remains in the model of "overall, how motivated are you in starting a business. Two significant variables (too much competition and lack of training in management skills) remain in the model "overall, how challenging is it to start/run a business. One determinant (ability to develop new products and services) is significant in predicting "overall, how successful do you think you have been starting/running a business. Finally, two variables (providing opportunities for customer feedback and increasing sales for my business) are significant predictors of "overall, how successful has your business been with community development."

Table 5. Results of Multiple Regression Analyses

Dependent variable	Independent variable(s) remaining in the model	b	β	t	Sig.
Overall motivations (<i>Adj. R² = .168, F=2.50, Sig.=0.01</i>)	"To gain economic independence/ advancement and to be my own boss."	.297	.396	3.333	0.001
Overall challenge (<i>Adj. R² = .385, F=13.7, Sig.=0.001</i>)	"Too much competition."	.178	.275	2.857	0.005
	"Lack of training in management skills."	.185	.250	2.681	0.009
Overall business success (<i>Adj. R² = .168, F=3.17, Sig.=0.004</i>)	"Ability to develop new products and services."	.463	.493	3.048	0.03
Overall community involvement (<i>Adj. R² = .329, F=3.21, Sig.=0.002</i>)	"Provides opportunities for feedback from customers."	.482	.457	4.449	0.001
	"Increases sales for my business."	.353	.329	3.208	0.002

Discussion and Conclusion

The challenges faced by business owners in Black-majority neighborhoods persist today. For example, a Fair Housing Center of Central Indiana (2022) report found that two-thirds of White families own their homes, while only a third of Black families are homeowners. In addition, a Brookings Institute report (Perry et al., 2018) estimated that houses in Black-majority neighborhoods in the Greater Indianapolis Metropolitan Statistical Area are valued at \$18,000 on average less than similar houses in non-Black-majority neighborhoods. The report also pointed out that homes in Black-majority neighborhoods are valued at \$48,000 on average less than similar

houses in non-Black-majority areas. Finally, a different report compiled by the Indiana University's Center for Research on Inclusion and Social Policy (2020) estimated the 2018 median value of houses in Indianapolis' Black-majority neighborhoods to be \$87,821, two-thirds of the city's median home values that same year.

Progress in overcoming such challenges is slow, and recent news stories highlight the lasting impacts of past discriminatory practices, including redlining in cities across the country. For example, in October 2021, Trustmark National Bank in Tennessee agreed to invest \$3.85 million in loan subsidies and to open one loan production office in a majority-Black and Hispanic neighborhood in Memphis, Tennessee (US Department of Justice, 2021). In addition, Old National Bank in Indianapolis has agreed to settle a federal complaint filed by the Fair Housing Center of Central Indiana (2021) by agreeing to expand mortgage lending opportunities to Black borrowers in majority-Black neighborhoods in Indianapolis.

As a result of past and current obstacles to business ownership, only 4% of businesses in Indianapolis are owned by Black business owners. This is based on data compiled by Common Future and Next Street (2021). However, according to our study, Black business ownership is 58% in the city's Black-majority neighborhoods. The national trends are similar, where only 2.3% of all businesses are Black-owned, even though Black people comprise 14.2% of the population (Perry et al., 2022). By applying the principles of social entrepreneurship, the study highlights the critical role of business owners of small to medium-sized enterprises (SMEs) in Indianapolis's fourteen Black-majority neighborhoods to create social value while maximizing profits.

As the results of our study point out, the top three motivators for starting a business in Black majority neighborhoods include: gaining economic independence/advancement and being my own boss, improving the neighborhood's quality of life, and contributing something useful to society. These three motivators align with the foundation of the Kimbu (2016) theoretical framework. Social transformation goals, commercial goals, and community needs are the three motivators of women tourism entrepreneurs in Cameroon. In our study, the social transformation goals of these entrepreneurs include their valuable contributions to society, such as offering employment opportunities to their neighbors. Their commercial goals include their efforts to gain economic independence by becoming their own boss. In doing so, these entrepreneurs forge their opportunities to build wealth and legacy. Lastly, in terms of meeting neighborhood needs, these entrepreneurs are improving the quality of life of their fellow citizens by filling gaps for Black consumers and providing goods and services that reflect everyday needs and interests. In doing so, they help keep dollars circulating within these neighborhoods rather than supporting businesses owned by outsiders with no apparent ties to the neighborhood.

The informal conversations with study participants reaffirmed the existence of many barriers to starting and running a business. Black entrepreneurs face significant inequities in the business world with direct consequences on the communities they serve, especially in Black-majority poor neighborhoods. They include lost job opportunities and inadequate access to essential goods and services that other communities take for granted, all contributing to declining quality of life. At the macro level, these inequities undercut the potential of millions of people of color to bolster the country's economic system and address many injustices.

The informal conversations also reaffirmed the study's findings regarding what these business owners need to overcome these barriers. They include technical assistance in creating new businesses, including access to resources and business opportunities. Participants also identified the need to join robust business networks that offer them representation and participation in networking, mentorship, and sponsorship programs to help them overcome some sociocultural barriers. Thirdly,

access to capital continues to be a significant barrier. In our study, the primary sources of financing were self-financing and financing from family and friends, followed by financing from commercial banks. Since Black business owners tend to have fewer resources, personally or through family and friends, they depend more on outside funding.

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