

# Building Successful Black-Owned Businesses: How Black Entrepreneurs and White Consumers Can Help Close the Racial Wealth Gap in America

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## Abstract

The persistent racial wealth gap between Black and White Americans stems from centuries of institutionalized racism and discrimination. Black entrepreneurship has the potential to reduce the racial wealth gap by providing a means towards upward mobility and wealth accumulation in the African-American community. As Black entrepreneurs consider locating or expanding their businesses into non-Black communities, an important question emerges: will White consumers support Black-owned businesses in majority-White neighborhoods? To explore, this study investigates the impact of making the race of a business owner salient to White consumers in Concord, New Hampshire, a majority-White community. Through surveys of Concord residents, this research finds a strong inclination among White Concord residents to support Black-owned businesses in Concord. The findings suggest that would-be Black entrepreneurs seeking to establish businesses in majority White neighborhoods in New England may find success by, among other things, strategically marketing their businesses as “Black-owned” to White consumers in these areas.

## Keywords

Black Businesses, Marketing, Entrepreneurship, Racial Wealth Gap

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## 1. Introduction

The United States continues to face a persistent wealth gap between Black and White Americans. African-Americans hold 2.9% of the wealth in America, despite being 15.6% of the total U.S. population (Aladangady & Forde, 2021).

Comparatively, African Americans hold approximately one-eighth to one-fifth as much net wealth as their White counterparts (Aladangady & Forde, 2021). In fact, over the past three decades, overall Black-White wealth inequality has grown at an exponential rate (Aladangady & Forde, 2021).

The disparity in wealth is not merely a result of individual or communal merit but also a result of present-day discrimination and the long history of institutional racism that perpetuates the deprivation of African-Americans (Weller & Roberts, 2021).

For nearly three hundred years, African-Americans could not accumulate large masses of wealth because they were enslaved people (McKay, 2022). Slavery robbed African-Americans of generations of paid labor and the opportunity for wealth accumulation while simultaneously supplementing the income of the White majority slave owners (McKay, 2022). It is estimated that slavery stole 14 trillion in today's dollars from African-Americans (Baker & Addo, 2023). In 1870, shortly after the emancipation of Black people in the United States, White Americans' average wealth was 11 times more than that of African-Americans (McKay, 2022).

In the decades following the end of slavery, racist federal, state, and local systems specifically limited the job market for African-Americans and thus restricted African-Americans' ability to produce stable and viable income sources (Baker & Addo, 2023). Moreover, the unfulfilled promise of reparations—40 acres and a mule—resulted in an estimated loss of 16.5 trillion dollars for African-American families (Baker & Addo, 2023). With little preexisting capital or assets in the years immediately following emancipation, many African-Americans were forced to work as sharecroppers for income, as most other jobs would not hire Black people (Baker & Addo, 2023). Through sharecropping, however, racist White landowners exploited Black sharecroppers by charging them higher expenses than their White counterparts (Baker & Addo, 2023). In many cases, White landowners also controlled the economic progression of Black sharecroppers by refusing to renew their land leases (McKay, 2022). The exploitation of Black sharecroppers was so pervasive that noted civil rights activist W.E.B. Du Bois once dismissed sharecropping as the “new slavery” for African-Americans (Baker & Addo, 2023).

The turn of the early 20th century saw African-Americans' first real accumulation of wealth in America (McKay, 2022). Successful African-American entrepreneurs such as Madame C.J. Walker, Robert Abbott, and Charles Spaulding made substantial fortunes selling hair products, newspapers, and insurance to Black consumers (McKay, 2022). Unfortunately, targeted racial attacks on Black-owned businesses, like the Atlanta race riot in 1905 and the Tulsa race massacre in 1921, crippled many burgeoning Black business communities (McKay, 2022).

Governmental laws and policies in the mid-20th century also severely inhibited African-Americans' opportunities to amass wealth. The National Labor

Relations Act of 1935 excluded agricultural and domestic laborers—the majority of whom happened to be Black—from old-age insurance, unemployment compensation, poor assistance, and workers' rights (Baker & Addo, 2023). Likewise, the New Deal ownership policies characterized predominantly Black neighborhoods as “high-risk,” thereby preventing Black families from attaining government loans and forcing them to stay in low-income communities (Baker & Addo, 2023). In fact, the New Deal helped foster a prosperous White middle class while stifling wealth accumulation in the Black community (Baker & Addo, 2023). Indeed, systemic discrimination coupled with racist American redirects throughout the 1900s severely inhibited African Americans' pursuit of economic prosperity while broadening the wealth inequality in America.

Today, labor market discrimination and unequal access to capital continue to perpetuate the Black-White wealth gap (Weller & Roberts, 2021). For example, Black Americans with Black-sounding names are less likely to receive callbacks and get hired than Whites with traditionally White-sounding names (Baker & Addo, 2023). In part, as a result of this and other forms of employment discrimination, African-Americans are disproportionately represented in unstable and temporary jobs that pay 40% less than permanent jobs (Baker & Addo, 2023). As such, African-Americans have fewer opportunities to use competitive wages as a proxy to accumulate wealth.

Black Americans' historical inability to build significant wealth in America devastates their financial, physical, and mental well-being. African Americans are more at risk of starvation, eviction, and medical illness than White Americans (Weller & Roberts, 2021). Black Americans also have disproportionately lower access to medical insurance and retirement benefits than White people (Baker & Addo, 2023). Furthermore, Black Americans have less money to save and invest in appreciating assets. On average, African-Americans benefit from fewer wealth gains from the stock market (Weller & Roberts, 2021). Many African-Americans lack the assets necessary to transfer wealth across generations, which is essential for wealth accumulation (Baker & Addo, 2023).

Entrepreneurship is one possible way to help bridge the economic disparity between Black and White Americans. Business ownership and entrepreneurship are major contributors to net wealth: of the top 1% of Americans (by net wealth), three-fourths have some ownership in a business (Hager & Kaymak, 2023). African-Americans, however, only own 3% of all U.S. businesses, and only 1% of African-Americans generate their income from business ownership (Leppert, 2023). Nonetheless, African-Americans who successfully invest their time and resources into entrepreneurship and survive more than four years in business average a 20% annual return, five percentage points higher than their White counterparts (Hager & Kaymak, 2023). Moreover, successful Black entrepreneurs have a 60.5% chance of moving into America's top income percentile, roughly nine percentage points higher than White Americans (Hager & Kaymak, 2023). Hence, entrepreneurship is a demonstrably viable and effective way for Afri-

can-Americans to accumulate wealth and overcome the historical economic disparity between White and Black Americans.

Despite the proven outlet entrepreneurship provides for upward mobility within the Black community, owning a business is a risky investment. Black businesses are far more likely to fail than their White counterparts (Kroeger & Wright, 2021). One of the most detrimental challenges facing Black entrepreneurs is access to capital. African-Americans, on average, have a lower net worth and lower income than White Americans (Weller & Roberts, 2021). Therefore, Black Americans are less likely to be able to finance, in whole or in part, their entrepreneurial activities (Weller & Roberts, 2021).

Accordingly, African-American entrepreneurs are more likely to seek bank loans to finance their businesses than their White counterparts (Weller & Roberts, 2021). However, bias persists in banking institutions in America. Black business owners are 20% less likely to get a bank loan than White business owners (Baboolall & Fitzhugh, 2021). During the height of the COVID pandemic, only five percent of qualified, struggling black businesses received a Paycheck Protection Program loan when they applied for one (Srikanth, 2021). Given these numbers, it is no surprise that less than 25% of Black business employer firms have ever borrowed money from a bank (Baboolall & Fitzhugh, 2021).

A lack of financial education may contribute to the failure rate of Black-owned businesses. Business owners with high levels of education—particularly financial and entrepreneurial literacy—are more likely to experience higher sales, profits, and survival rates (Baboolall & Fitzhugh, 2021). However, historic inequality throughout the American education system has stymied many African-Americans—particularly those in the inner cities—from achieving high levels of education, specifically financial education (Baboolall & Fitzhugh, 2021). Starting in the 1900s, housing redlining resulted in severe underfunding of school systems in low-income neighborhoods, contributing to low test scores for most Black students who attended these schools (McKay, 2022). Many African-Americans who currently live in these neighborhoods and attend these schools continue to receive an inferior education, especially in financial literacy (McKay, 2022).

Despite the historical and present-day obstacles confronting many African-Americans, entrepreneurship is a leading pathway to increase Black wealth and decrease the Black-White wealth gap. How, then, can American society help produce more successful African-American business owners? Improving education in the inner cities, making bank loans and other business capital more widely available, and eliminating bias in employment practices certainly will help. However, one less obvious, possible way to increase the success rate of Black-owned businesses is to encourage more African-American entrepreneurs to start businesses in majority-White neighborhoods. Today, only 12% of Black-owned businesses are located in non-urban—i.e., suburban or rural—areas (Leppert, 2023). Accordingly, 88% of the country—with a substantially larger consumer base—remains a largely untapped and available market for Black business owners. Of

course, the majority of consumers in these suburban and rural communities are White Americans. This fact should not deter Black entrepreneurs. Contemporary social trends, including the Black Lives Matter Movement, indicate that White consumers are open to—and perhaps desirous of—supporting Black-owned businesses (Buchanan et al., 2020). But are White Americans living in majority-White communities actually willing to patronize African-American-owned businesses located in those communities?

This study attempts to answer this question. Specifically, this paper examines whether disclosing the racial identity of a Black business owner in Concord, New Hampshire—a city with a 3.4% Black population—would make it more or less likely that White consumers in the town would patronize the Black-owned store.

The organization of this paper is as follows: 1) an introduction to the Black-White wealth gap and impediments to black entrepreneurship in America; 2) a review of literature related to this topic; 3) the hypothesis for this research; 4) this study's research design and data analysis; 5) the survey results; and finally, 6) the conclusion.

## 2. Literature Review

The impact of racial identity revelation on the exchange of goods and services has been explored in recent literature. Several recent studies document the disparate treatment African Americans receive when their race is made salient as consumers of business services. For example, Ge et al. (2020) found that the probability that an Uber driver will cancel a ride from a passenger doubles when the Uber driver discovers that the passenger used an Uber account attached to an African-American-sounding name. Similarly, in an experiment on Airbnb, Edelman et al. (2017) found that housing applications from guests with distinctly African-American names were 16 percent less likely to be accepted relative to identical guests with distinctly White names.

In response to the release of the aforementioned research, both Uber and Airbnb made changes to their platforms, including concealing the names of consumers, in an effort to eliminate discrimination against Blacks and other racial minorities (Ge et al., 2020; Edelman et al., 2017). While these two studies did result in positive change in the marketplace, their research focused on the impact of revealing the racial identity of consumers. This study builds on the Ge et al. and Edelman et al. research in two separate and distinct ways. First, unlike the Uber and Airbnb studies that examine revealing the identity of *consumers* and whether there is an impact in doing so on business owners, this study examines the role of revealing the racial identity of *business owners* and the effect that has on consumers. Secondly, research conducted by Ge et al. (2020) and Edelman et al. (2017) examines Black consumers and White business owners, whereas this study examines White consumers and Black business owners.

Beyond the research above, a nascent body of literature has examined whether a White consumer's behavior is affected when the racial identity of a Black busi-

ness owner is revealed to that White consumer. In the inaugural study on the topic, [Mitkina et al. \(2022\)](#) utilize the online restaurant business directory website, Yelp.com. Specifically, [Mitkina et al. \(2022\)](#) examined whether functionality on Yelp.com that allows consumers to identify restaurants that are “Black-owned” would affect demand for those restaurants that were labeled as such. Yelp.com introduced the “Black-owned restaurants” identity functionality in 2020 in the aftermath of the Black Lives Matter nationwide protests. [Mitkina et al. \(2022\)](#) found that Black-owned restaurants identified as such on the Yelp.com website received about 15.6% more visits compared to non-Black-owned restaurants and 10.3% more visits compared to Black-owned restaurants without the “Black-owned” identifier. Importantly, [Mitkina et al. \(2022\)](#) also found that affluent and White consumers were responsible for this increase and that most of the increased demand was enjoyed by Black-owned restaurants in non-Black majority neighborhoods.

In a nearly identical study published in 2023, [Aneja et al.](#) examined how Black-owned restaurants labeled as such on Yelp.com performed compared to other Black-owned restaurants not identified as Black-owned on Yelp.com. [Aneja et al. \(2023\)](#) found that labeling restaurants as “Black-owned” on Yelp.com increased restaurant financial performance and customer engagement, as measured by online traffic, calls, orders, and in-person visits. Importantly, [Aneja et al. \(2023\)](#) also found that these positive effects were most pronounced in politically left-leaning areas of the country.

The research conducted by [Mitkina et al. \(2022\)](#) and [Aneja et al. \(2023\)](#) documented that Black restaurant owners who publicly revealed their racial identity on the Yelp.com platform experienced increased demand from White consumers. Building on the research conducted by [Mitkina et al. \(2022\)](#) and [Aneja et al. \(2023\)](#), this paper examines whether White consumers in a small, majority-White, New England town are likely to support Black-owned businesses—other than restaurants—when the racial identity (Black) of the business owner is revealed to those White consumers. This study is distinct from the [Mitkina et al. \(2022\)](#) and [Aneja et al. \(2023\)](#) research in several respects. First, [Mitkina et al. \(2022\)](#) and [Aneja et al. \(2023\)](#) focus exclusively on restaurants, whereas this study examines non-restaurants, specifically coffee shops. This distinction is important. Unlike restaurants, coffee shops serve mostly non-ethnic foods and drinks, which attract a variety of people of all ages, ethnicities, and food preferences. In short, coffee shops are inherently more mainstream and generic than most restaurants and thus, are a better gauge than restaurants as to whether a Black business might experience an increase in demand from White consumers if the racial identity of the owner (Black) is known to those White consumers.

Secondly, this research focuses on White consumers in a small, majority-White, New England town. The [Aneja et al. \(2023\)](#) research was a nationwide study on Yelp.com and did not focus on a particular region of the country or geographic size of cities. Conversely, the [Mitkina et al. \(2022\)](#) study focused on

consumers nationwide using Yelp.com, with a particular focus on White consumers in ten large U.S. cities (i.e., Los Angeles, Chicago, Houston, Philadelphia, Dallas, Seattle, Boston, Washington DC, Denver, and Portland). This study's focus on a small, majority-White town in New England is distinct from the large U.S. cities in the [Mitkina et al. \(2022\)](#) study. This distinction is important because most of the cities that [Mitkina et al. \(2022\)](#) included in their study have majority-Black or significant-Black populations. Indeed, White consumers in large, majority-Black or significantly-Black cities may respond differently to the idea of supporting a Black-owned business in a majority-Black or significantly-Black city than a White consumer in a small, majority-White New England city might respond to the idea of supporting a Black-owned business in a small, majority-White New England town. In this regard, this study is distinct from the Mitkina study.

### 3. Research Hypothesis

This study hypothesized that revealing the racial identity of a Black business owner in Concord, New Hampshire to White consumers in the town would cause a majority of Concord's White consumers to be *no less willing* to support the Black-owned business than to support a White-owned business in Concord.

This hypothesis is predicated, in part, upon the Black Lives Matter (BLM) movement's substantial influence on consumer buying habits and socio-political narratives, especially in Democratic-leaning communities. The Black Lives Matter movement initially started in response to the killing of Trayvon Martin in 2013; however, it gained tremendous support after the murder of George Floyd in 2020. Through social media, the BLM movement was highly successful at spreading awareness about racism and Black Americans' experiences with systematic oppression ([Buchanan et al., 2020](#)). The BLM movement became a cultural phenomenon in American society that mobilized large numbers of people—including White Americans—to protest. In fact, 95% of the counties that held BLM protests were in majority White counties ([Buchanan et al., 2020](#)). In response to the BLM movement's calls for justice and reform, many people, particularly White Americans, sought ways to express support for the Black community. For many, patronizing Black businesses was an outlet to support the Black community.

At the peak of the BLM movement in June 2020, for example, three-fourths of surveyed Black businesses saw an increase in business and revenue ([Srikanth, 2021](#)). During this period, many Americans felt inclined to support Black businesses as a proxy for supporting the BLM movement. Prior to the BLM movement's upsurge in outreach in 2020, crowdfunding for Black businesses was 79% lower than for White businesses ([Luhn, 2023](#)). In 2020, after the peak of the BLM protests, Black businesses' funding increased four-fold ([Luhn, 2023](#)).

In the aftermath of the George Floyd murder, White support of Black businesses was most prevalent in White, liberal neighborhoods. Eighty-seven percent

of White Democrats across America claimed to support the BLM movement (Horowitz, 2021). In fact, younger, more educated White people are more likely to support BLM (Horowitz, 2021). Support for BLM among liberal White Americans follows a similar trend. Nearly 90% of Concord residents identify as White and 92.7% of Concord residents have graduated high school (United States Census Bureau, 2022). In addition, Concord residents overwhelmingly vote Democratic, as Democrats control the majority of Merrimack County's legislative districts (Weigel, 2020).

Given the demographic data of who actually supports the BLM movement, as well as the political leanings of certain geographic locations in the country, this study theorized that a majority of Concord's White citizens would likely exhibit support for Black-owned businesses in Concord even after the racial identity of the business owner (Black) was made known to them.

One recent concern that may undercut this likelihood is the possibility of Americans' support of BLM retreating. After June 2020 when the BLM outlook peaked, support for movement significantly decreased (Horowitz, 2021). Waning support for the BLM movement raises the question of whether White supporters—who comprise the vast majority of BLM supporters—will continue to support Black businesses at the rate they did during the summer and fall of 2020.

#### 4. Research Design & Data Analysis

To gauge how likely Concord residents are to support Black-owned businesses, in May and September 2023 a random sample of 260 residents near Concord's downtown Main Street were surveyed<sup>1</sup>. A pre-test sample of 10 respondents was used to gauge the effectiveness of the survey. To ascertain the general demographics of the surveyees, subjects were asked to self-report their age (13 - 75+), gender (Woman, Man, Non-Binary, Other), and ethnicity.

The following charts show the results of the survey on the questions related to age, gender, and ethnicity: (Figure 1)

The racial and gender demographics of the survey align with the general demographics of Concord, New Hampshire (United States Census Bureau, 2022). Eighty percent of the respondents were between the ages of 17 - 44 years old, approximately 57% of the respondents identified as female, and 80% of the respondents were White identifying.

Beyond demographic questions, the survey asked respondents four questions about hypothetical Black and White-owned coffee shops. Again, a hypothetical coffee shop was utilized in the survey to gauge the survey takers' willingness to support Black-owned businesses, as coffee shops typically do not sell ethnic- or racially-targeted products. The survey measured four criteria: 1) a respondent's motivation to patronize particular businesses, 2) a respondent's perceived professionalism of both Black and White coffee shops, 3) a respondent's perceived

<sup>1</sup>The sample size was found with Cochran's formula [ $n_0 = Z^2 pq / e^2$ ]: 90% Confidence Level ( $Z = 1.645$ ), Assumed 40% proportion of the population ( $P = 0.4$  &  $Q = 0.6$ ), 5% precision ( $e = 0.05$ ).



Gender	Ethnicity	Age						
		13-17	18-24	25-34	35-44	45-54	55-64	65-74
Male	American Indian or Alaskan Native	0	0	1	0	0	0	0
	Asian or Pacific Islander	0	4	2	0	1	2	0
	Black or African American	1	3	0	1	0	0	0
	Hispanic, Latino/a	1	3	1	2	0	0	0
	White/Caucasian	3	35	16	8	5	3	13
Female	American Indian or Alaskan Native	0	1	0	0	0	1	0
	Asian or Pacific Islander	0	4	3	2	1	0	2
	Black or African American	1	2	2	0	0	1	1
	Hispanic, Latino/a	0	3	1	1	1	0	1
	White/Caucasian	5	59	24	12	5	4	11
Other	American Indian or Alaskan Native	0	0	0	0	0	0	0
	Asian or Pacific Islander	0	0	0	0	0	0	0
	Black or African American	0	0	1	0	0	0	0
	Hispanic, Latino/a	1	0	0	0	0	0	0
	White/Caucasian	1	3	1	0	0	0	0

**Figure 1.** Distribution of respondent's age, ethnicity & gender. Source: Prepared by the author.

quality of service between the Black and White coffee shops, 4) and a respondent's likeliness to patronize a Black-sounding vs. White-sounding named coffee shop.

The first question asked, "What motivates you to patronize a specific store?" Respondents were given seven answer choices and were allowed to pick more than one option that might apply to the respondent: 1) proximity, 2) women-owned, 3) ambiance, 4) black-owned, 5) unique product(s), 6) reputation, and 7) customer service. This question directly determines if Concord residents consider "Black-Owned" when determining where to shop.

The second question asked, "Which coffee establishment seems more professional?" Respondents were given one of three answer choices from which to choose: 1) a picture of a Black employee handing coffee to a White customer [Coffee Shop A], 2) a picture of a White employee handing a coffee to a White customer [Coffee Shop B], and 3) an option that stated there was "no difference in professionalism." Black businesses are often stigmatized for being unprofessional and inferior in customer service. Thus, this question ascertains whether Concord residents are biased against Black businesses because of the perception of bad service.

The third question asked, "Which coffee shop do you think provides better service?" Respondents were given three answer choices and were allowed to pick one option: 1) a picture of two white owners of a coffee shop [Coffee Shop A], 2) a picture of two Black owners of a coffee shop [Coffee Shop B], and 3) an option

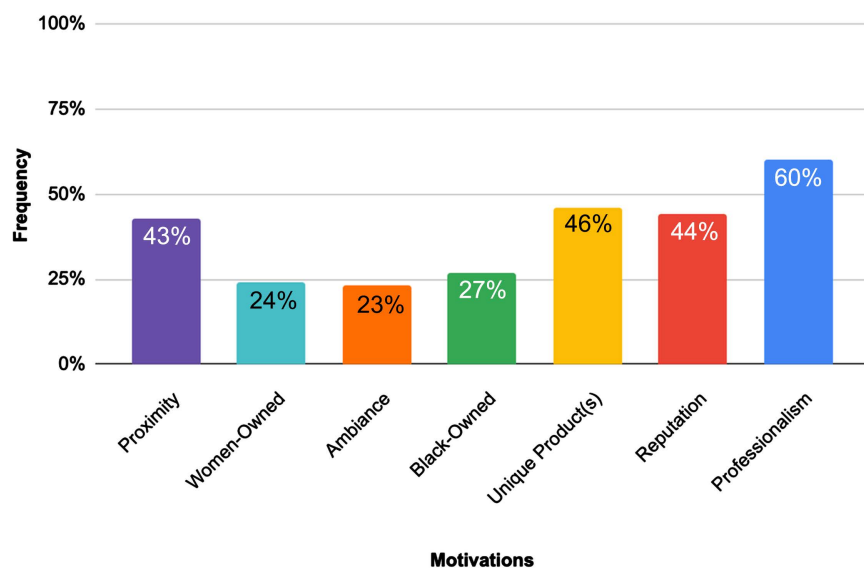
that stated there was “no difference in the quality of service.” Quality service is often an important consideration for patrons of coffee shops. Thus, good service may indicate a likelihood to support a business.

The fourth question asked, “Which coffee shop are you more likely to patronize?” Respondents were also given three answer choices and were allowed to pick one option: 1) a picture of a coffee shop labeled with a traditionally Black-sounding name, 2) a picture of a coffee shop labeled with a traditionally White-sounding name, and 3) an option that stated “equally likely to shop at either store.” Historically, people with Black-sounding names have been discriminated against in the job, banking, and customer service industries. Hence, this question determines whether Concord residents might be negatively influenced by a coffee shop’s perceived Black-sounding name.

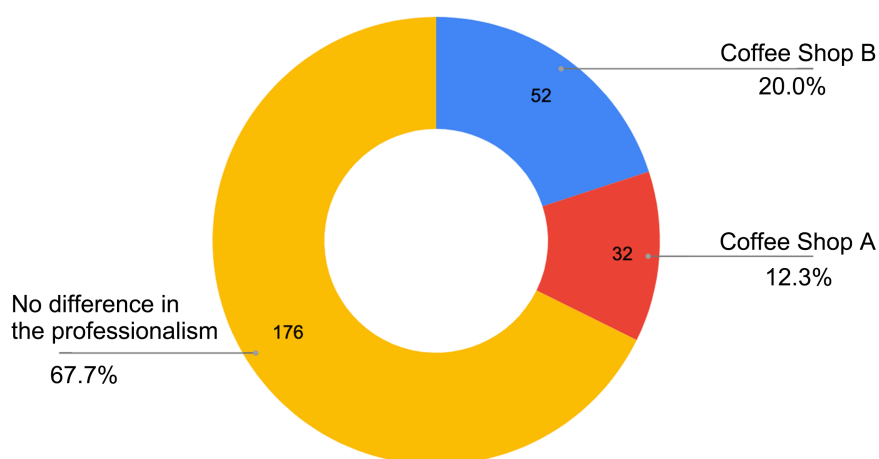
## 5. Survey Results

As shown in **Figure 2**, 60% of respondents considered professionalism a reason to shop at a particular store. **Figure 3** shows that the majority of respondents—67.7%—believe a Black-owned business is equal in professionalism to its White counterpart. This evidence suggests that the majority of people in Concord, represented by the survey pool, do not explicitly exhibit bias against Black-owned businesses. In fact, 20% of the respondents believe a Black-owned business is more professional than a White-owned business, exhibiting a slight bias for Black businesses compared to the 12.3% of respondents that believed a perceived White-owned business was more professional.

To determine whether there was a statistically significant difference in the perceived professionalism of a hypothetical Black-owned coffee shop versus a White-owned coffee shop among the different ethnicities surveyed a Chi-squared



**Figure 2.** Frequency of respondents motivations to patronize a specific store. Source: Prepared by the author.



**Figure 3.** Perceived professionalism of hypothetical majority black and white-run coffee shops. Source: Prepared by the Author.

test for independence was performed<sup>2</sup>. The null hypothesis was there was no association between ethnicity and the perception of professionalism of the hypothetical Black-owned and White-owned coffee shops. The alternative hypothesis was there was an association between ethnicity and perception of professionalism. As seen in **Figure 4**, the calculated Chi-squared statistic totals 14.564 which is greater than the critical Chi-squared value of 12.59 (based on calculated degrees of freedom = 6 and significance level = 0.05), thus, the null hypothesis is rejected. This suggests that there is a relationship between the ethnicity of the respondents and the perceived professionalism of the hypothetical Black and White-owned coffee shops. While various ethnicities were surveyed, the vast majority of the respondents in Concord, New Hampshire were White. **Figure 4** illustrates the majority of White respondents perceived no difference between the two stores' professionalism. What's more, 20.2% of the White respondents perceived the Black-owned store's professionalism to be superior to the White-owned store. In addition, for the White respondents who indicated a preference for the perceived Black-owned store's professionalism, as well as for respondents who indicated that there was no difference in the professionalism between the White and Black-owned businesses, the observed values were slightly higher than the expected values. These results further demonstrate White respondents are not biased against Black businesses because of the perception of inferior service. In fact, according to this study, many White respondents have a bias towards Black businesses.

Similarly, **Figure 5** shows that the majority of respondents in the study—53.8%—believe a Black-owned business provides the same quality of service as a White-owned business. Additionally, 34.6% of respondents believe a Black-owned business provides superior service to its White counterpart. Thus, according to the data, the majority of Concord's residents do not exhibit an explicit bias

<sup>2</sup>Chi-squared Formula used:  $\chi^2 = \sum(O_i - E_i)^2/E_i$ . The analysis used 6 degrees of freedom with 0.05 significance value, resulting in a critical value of 12.59.

A respondent's perceived professionalism of both Black and White coffee shops				
Ethnicity	Outcome	Observed Frequency	Expected Frequency	(O-E) <sup>2</sup> /E
American Indian or Alaskan Native	White Coffee Shop	1	0.369	1.078
	Black Coffee Shop	0	0.600	0.600
	No Difference	2	2.031	0.000
Asian or Pacific Islander	White Coffee Shop	3	2.585	0.067
	Black Coffee Shop	1	4.200	2.438
	No Difference	17	14.215	0.545
Black or African American	White Coffee Shop	2	1.600	0.100
	Black Coffee Shop	6	2.600	4.446
	No Difference	5	8.800	1.641
Hispanic, Latino/a	White Coffee Shop	4	1.846	2.513
	Black Coffee Shop	3	3.000	0.000
	No Difference	8	10.154	0.457
White/Caucasian	White Coffee Shop	22	25.600	0.506
	Black Coffee Shop	42	40.000	0.100
	No Difference	144	140.800	0.073
<b>Total</b>				<b>14.564</b>

Figure 4. Chi-squared analysis. Source: Prepared by author.

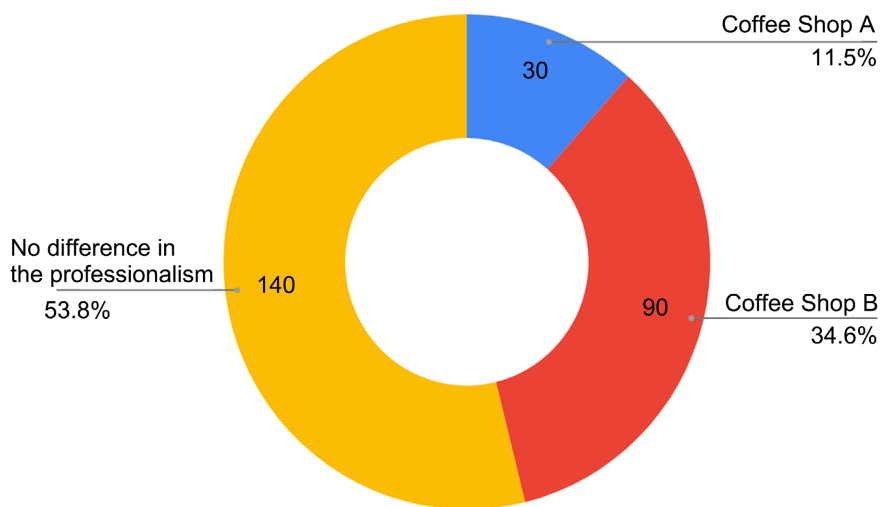


Figure 5. Respondent's perceived quality of service of hypothetical black and white-owned coffee shops. Source: Prepared by the author.

against Black businesses. More surveyors have a bias towards Black-owned shops than White-owned equivalents. These results conclude that the surveyors largely view Black and White businesses equally.

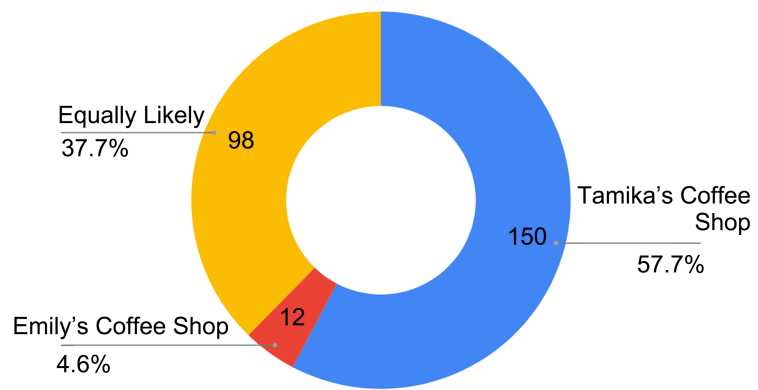
**Figure 6** shows the calculated Chi-squared value of 32.189 is larger than the critical Chi-squared value of 12.59 (based on calculated degrees of freedom = 6 and significance level = 0.05). The null hypothesis, again, is rejected indicating that ethnicity is associated with the respondent's perception of quality of service. In addition, for the White respondents who indicated a preference for the perceived Black-owned store's quality of service, as well as for respondents who indicated that there was no difference in the quality of service between the White and Black-owned businesses, the observed values were slightly higher than the expected values. The results show that White respondents are not biased against Black businesses because of the perception of poor quality. Indicating a strong preference among White respondents to support Black businesses.

**Figure 7** shows that the majority of respondents—57.7%—are more likely to patronize businesses with a Black-sounding name than a business with a White-sounding name. Thus according to the data, Concord respondents who completed the survey exhibit strong support for Black businesses. These results show that Concord residents do not view Black businesses as inferior to White businesses and are more likely to patronize Black businesses.

A respondent's perceived quality of service between the Black and White coffee shops				
Ethnicity	Outcome	Observed Frequency	Expected Frequency	$(O-E)^2/E$
American Indian or Alaskan Native	White Coffee Shop	2	0.346	7.907
	Black Coffee Shop	0	1.038	1.038
	No Difference	1	1.615	0.234
Asian or Pacific Islander	White Coffee Shop	6	2.431	5.240
	Black Coffee Shop	1	7.269	5.407
	No Difference	14	11.308	0.641
Black or African American	White Coffee Shop	2	1.500	0.167
	Black Coffee Shop	8	4.500	2.722
	No Difference	3	7.000	2.286
Hispanic, Latino/a	White Coffee Shop	4	1.731	2.975
	Black Coffee Shop	5	5.192	0.007
	No Difference	6	8.077	0.534
White/Caucasian	White Coffee Shop	16	24.000	2.667
	Black Coffee Shop	76	72.000	0.222
	No Difference	116	112.000	0.143
<b>Total</b>				<b>32.189</b>

**Figure 6.** Chi-squared analysis II. Source: Prepared by the author.

**Figure 8** shows the calculated Chi-squared statistic of 23.507 is larger than the critical value of 12.59 (based on calculated degrees of freedom = 6 and significance level = 0.05). Once again, the null hypothesis is rejected indicating that ethnicity is associated with the respondent’s likelihood of patronizing a store with a Black vs. White sounding name. **Figure 8** shows that of the White surveyors that responded with a preference for the store with the Black-sounding name or no difference in preference for the store based on the name, the observed values were slightly higher, respectively than the expected values. The results show that most White respondents may exhibit a bias towards stores with Black-sounding names.



**Figure 7.** Respondent’s likelihood of patronizing black vs. white-sounding stores. Source: Prepared by the author.

Respondent's Likelihood of Patronizing Black vs. White-sounding Stores				
Ethnicity	Outcome	Observed Frequency	Expected Frequency	(O-E) <sup>2</sup> /E
American Indian or Alaskan Native	Emily's Coffee Shop	1	0.138	5.361
	Tamika's Coffee Shop	1	1.731	0.309
	No Difference	1	1.131	0.015
Asian or Pacific Islander	Emily's Coffee Shop	4	0.969	9.477
	Tamika's Coffee Shop	9	12.115	0.801
	No Difference	8	7.915	0.001
Black or African American	Emily's Coffee Shop	1	0.600	0.267
	Tamika's Coffee Shop	9	7.500	0.300
	No Difference	3	4.900	0.737
Hispanic, Latino/a	Emily's Coffee Shop	2	0.692	2.470
	Tamika's Coffee Shop	7	8.654	0.316
	No Difference	6	5.654	0.021
White/Caucasian	Emily's Coffee Shop	4	9.600	3.267
	Tamika's Coffee Shop	124	120.000	0.133
	No Difference	80	78.400	0.033
Total				23.507

**Figure 8.** Chi-squared analysis III. Source: Prepared by the author.

Overall the Chi-squared analysis indicates that a super-majority of White respondents have no bias against, and are more likely to patronize Black businesses. Given that White constituents comprise the overwhelming majority of Concord's population—87.8%—this survey suggests that the majority of Concord's population has no bias against, or is willing to support Black businesses (United States Census Bureau, 2022).

## 6. Conclusion

This study hypothesized that a majority of White Americans living in Concord, New Hampshire—a small, majority-White, Democratic-leaning town—would support a business when the racial identity of the business owner, who happened to be Black, was made known to them. The results of the survey suggest the initial hypothesis was correct: a majority of White Concord residents who took the survey indicated that they'd likely patronize a Black-owned business in Concord, New Hampshire.

Although the survey results are promising and suggest that Black businesses may find success in Concord, New Hampshire, it is important to acknowledge that the nature of the survey questions may have influenced the respondents' answers. Specifically, some survey takers may have answered untruthfully to hide a latent bias or appear politically correct. In other words, respondents may have answered certain questions on the survey in such a way as to avoid seeming insensitive to concerns of Black businesses or the Black community in general.

Notwithstanding the above, these findings are promising for would-be African-American entrepreneurs looking to start businesses in small, majority-White towns. What's more, while this study focused on Concord, New Hampshire, we believe the study's results may likely hold in other small towns in New Hampshire and across New England. Towns such as Manchester, New Hampshire; Portland, Maine; Burlington, Vermont; and Newport, Rhode Island, could likely produce similar results. These cities have similar racial, educational, and political demographics as Concord: +80% White population; +85% citizens are high school educated; and each predominantly votes for the Democratic party (United States Census Bureau, 2022). Beyond New England, there are hundreds of similar communities spread across America, providing an immense total addressable market for Black entrepreneurs.

Given the results of this research in Concord, New Hampshire, there is perhaps a promising pathway for Blacks to create businesses in majority-White neighborhoods that can survive and prosper with the support of White citizens. Indeed, urging Black entrepreneurs to build their businesses in majority-White neighborhoods and insisting they promote their businesses as "Black-owned" may prove to be a critical strategy for increasing the success rate of Black businesses and ultimately helping to close the racial wealth gap in America.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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