Where Do We Go From Here? The Survival and Recovery of Black-Owned Businesses Post-COVID-19

Darcelle Lahr1, Ashley Adams1, Alec Edges1, and Jillian Bletz1

Abstract
Given the direct relationship between business ownership and economic vibrancy within communities of color, this research explores a tailored approach for addressing persistent race-based economic disparities inhibiting business ownership in communities of color. While significant evidence exists regarding the need for access to capital, education, and the market to improve the sustainability of businesses of color, this research demonstrates the need for an additional component (the “Fourth Dimension”) to spur the development of thriving, socially oriented Black-owned business communities. We envision the “Fourth Dimension” comprising a collaborative, community-oriented social growth strategy for small Black-owned businesses implemented through enhanced and deliberate cooperative, community-supported market engagement.

Keywords
Black-owned business, COVID-19, racial wealth gap, social entrepreneurship, African Americans, cooperative business

1Mills College, Oakland, CA, USA

Corresponding Author:
Darcelle Lahr, Lorry I. Lokey School of Business and Public Policy, Mills College, 5000 MacArthur Blvd., Oakland, CA 94613, USA.
Email: dlahr@mills.edu
Examining Historical Disparities

The devastating, disproportionate economic impacts of the Great Recession, the incalculable socio-economic toll of the COVID-19 pandemic, and the daily reality of police racism and brutality against Black Americans each bring into vivid focus the levels of racial and economic inequality that define the lived experience of Black individuals in the United States (BBC News, 2020; Young, 2020). Black—White racial and economic inequalities link directly to, and further exacerbate, disparities in education, health, housing, and food security in communities of color (Asante-Muhammed et al., 2016; Davis, 2018; Gorman, 2017). These compounded inequalities have culminated into what many view as a momentous inflection point in the history of our society (Asante-Muhammed et al., 2016).

A definitive driver of the deep economic disparities facing Black communities is the widening racial wealth gap between Black and White households (Gorman, 2017). Even with spending power of $1.2 trillion in 2013, Black families only possessed $11,000 in median wealth (Davis, 2018). Projecting outward, this trend would have the median wealth of Black families falling to zero by 2053. More conservatively viewed (i.e., using average wealth rather than median wealth), over the past three decades, the average wealth of White families has exceeded that of Black families by three times. Should this trend continue, average Black family wealth will not reach parity with White family wealth for 228 years (Asante-Muhammed et al., 2016).

Historical Origins of the Racial Wealth Gap

This unrelenting racial wealth gap is a continuing legacy of institutionalized, structural, and individual racism within the United States (Davis, 2018, p.2). This institutionalized marginalization and the consequent wealth disparities are then further exacerbated by the negative impacts of community upheaval in communities of color.

It is worth noting past efforts enacted by Black Americans in attempt to build prosperous Black business communities. Once such place is that of Tulsa, Oklahoma which is also known as “Black Wall Street” (Hannah-Jones, 2020; Heath, 2020). Historically, as was the case with Tulsa, Black Americans have been denied access into the very economic system that they helped to build since its conception. In Spring of 1921, the Tulsa Race Massacre took place, lasting over 48 h, because a young 19-year-old Black man was accused of assaulting a White female elevator operator (most historians believe he stepped on her foot accidentally). As a result of this interaction, the young man was arrested, and racial tensions spearheaded to a point of White people killing more than 300 Black people in Tulsa. They placed their bodies into the river there and buried others in mass graves. Aside from the extreme trauma experienced, the economic loss to the Black community is believed to be more than $1 million, as over 1200 Black houses were burned, and over 100 businesses were destroyed. To this day, the descendants of the Black Americans who experienced these horrific acts of racism
have received no form of reparations and this incident, as with many other similar happenings in other states and cities and towns over the years, only further widened the racial wealth gap for Black Americans Rashawn & Perry (2020).

The story of Tulsa is one of many other stories of Black communities and Black business owners being driven out of business. These stories are usually left out of the public narrative when discussing past economic losses in the US. The great depression that took place between 1929 and 1939 caused significant economic damage and decline across the country (Coates, 2014; Ray & Perry, 2020). The wide-scale impacts on Black Americans were even worse, including the reality of continued racism and systematic oppression through Jim Crow laws and other barrier producing policies. To address growing economic downfall, the Roosevelt administration implemented the New Deal legislation, which included several stimulating policies. However, two problematic New Deal polices that further instituted the growing racial wealth gap at the time were the GI bill and Social Security. The GI bill seemed inclusive in its concept, but in reality, Black American veterans were heavily excluded from post-war services and benefits, as compared to their White counterparts. On local levels, many Black veterans experienced racial discrimination at the hands of veterans’ service workers and other institutional figures—through redlining practices, housing covenants, and not being able to easily access small business loans and grants as they should have according to the law. Additionally, Social Security policy originally excluded the professions of domestic and farm workers, which at the time Blacks made up 60% of this workforce population in the US (Coates, 2014; Ray & Perry, 2020). Aside from the New Deal policy problems, other policies over the years, such as the Civil Rights Acts of the 1960s did provide some forms of financial advancement for Black Americans, in implementing legislation related to housing, voting, and equal rights for employment, and more. However, overall, the historical foundations of systematic racism and the poor implementation of past polices greatly contributed to the current conditions today being faced by Black business owners.

During the period of 2007 through 2009, the US suffered one of the greatest economic downturns since the Great Depression. Referred to as the “Great Recession”, this catastrophic economic crisis was a result of massive failures in the sub-prime mortgage industry, which decimated housing, banking and financial markets worldwide (Great Recession Timeline, 2019; 2020; Lansing, 2011). While many American families recovered over time, millions of Black American families did not. In fact, the Great Recession only served to exacerbate the deep Black–White wealth inequities already existing, as Black and Brown families disproportionately bore its devastating economic impacts (Asante-Muhammed et al., 2016; McKernan et al., 2013).

Wealth Disparities and Black-Owned Businesses

One well-documented means of addressing many of these wealth disparities in Black communities is by creating new economic opportunities through employment, and specifically business ownership, within these communities (Bates, Jackson III, &
Yet, the historical and persistent structural, systemic, and institutional biases underpinning the widening racial wealth disparities in Black communities similarly undermine prosperity for small, disadvantaged businesses within Black communities. These biases lead to, and compound, three frequently cited key obstacles to the economic mobility of Black-owned businesses: (1) a lack of access to growth capital, (2) a lack of access to leadership education, and (3) a lack of access to market (Bates et al., 2007; Gorman, 2017; Turner, 2016; Zeuli et al., 2018).

These intersectional business and household disparities are prominently evidenced in Oakland, California, a city marked by inequitable growth, historical disinvestment, and commercial displacement (Ravani, 2019; Velasquez, 2019). According to a 2019 Greenlining Institute Report, “as Oakland undergoes rapid change with new developments, investments, and incoming residents, economic prosperity is not being shared equitably among Oakland’s communities. Inequitable economic growth has led to a significant rise in rents for residents, entrepreneurs, and non-profits, fueling the threat of displacement. For Oakland’s small business community, the threat of commercial displacement may loom most threateningly for small businesses owned by people of color, which constitute 49.5 percent of the city’s total businesses” (Velasquez, 2019, p. 3). These economic inequities are particularly pronounced in Central East Oakland communities, which still suffer the effects of historical redlining as well as continuing disinvestment. For businesses, “[a]s significant swaths of Oakland bloom with new development … East Oakland is a neighborhood removed, pockmarked by small operations searching for a way to grow” (Ravani, 2019, p. 2).

Wealth Disparities, Black-Owned Businesses, and Economic Turmoil

COVID-19, the deadly respiratory illness caused by the novel coronavirus, flared into a global pandemic in early 2020 (COVID-19 Overview and Infection Prevention, 2020). Given that no licensed vaccines or cures existed when the pandemic began, the highly contagious disease became a severe worldwide health threat perpetually at risk of overrunning healthcare capacity. In order to slow the community spread of the virus, state and local governments instituted several emergency social distancing measures, including mandated business closures (Interim Guidance for Businesses and Employers, 2020). To partially ease the deep economic toll caused by these measures, federal programs were created to provide financial support to individuals and small businesses impacted negatively by the pandemic and shutdown. Yet due to access terms favoring large and White-owned businesses, and structural terms disproportionately disadvantaged business of color, Ashley Harrington, director of federal advocacy and senior council for the Center for Responsible Lending (CRL), estimated “upwards of 90% of businesses owned by people of color have been, or will likely be, shut out of the Paycheck Protection Program,” with the CRL projecting as of April 2020 that “[r]oughly 95% of Black-owned businesses, 91% of Latino-owned businesses, 91% of Native Hawaiian or Pacific Islander-owned businesses, and 75% of Asian-owned businesses stand close to no chance of receiving a PPP loan through a
mainstream bank or credit union” (Cerullo, 2020). Crockett & Grier (2020) report that a recent audit study by Bone, Christensen, & Williams (2014) confirmed the pervasive discriminatory practices that severely limit the ability of minority businesses to access pandemic recovery capital. This study, for example, documented the routine practice of bank lending officers to expressly advance White loan applicants over non-White applicants by supplying them with more complete responses to questions and additional spontaneous information during the application process. Between February and April 2020, the number of working Black business owners fell a staggering 41% (Bhattarai, 2020; Fairlie, 2020).

On May 25, 2020, in the midst of the devastating COVID-19 health crisis, a White police officer in Minneapolis, Minnesota, was captured on video kneeling on the neck of George Floyd, causing his death in police custody (BBC News, 2020). The public outrage against the brutal and seemingly cavalier disregard for the life of George Floyd brought widespread “Black Lives Matter” civil protests condemning systemic police brutality against Black members of the community. Under cover of those protests, however, came looting and vandalism throughout communities, therefore deepening the economic ravages of the COVID-19 lockdown on businesses (Fortson, 2020).

The Call for Crisis Intervention

Given these reports, we see an opportunity now to generate sustainable and long-overdue equitable economic change for Black businesses and communities. Our goal is to develop sustainable solutions for addressing the impacts of the COVID-19 crisis and racial justice reckoning on Black-owned businesses, while also laying the groundwork for an improved, inclusive, and equity-focused local economy to flourish post-crisis. This study will therefore examine the historical context of this problem, highlighting current and most obvious needs of Black businesses according to the literature, and offering recommendations for better supporting Black businesses beyond the devastation of the COVID-19 and racial justice crises.

Deeply Rooted Impediments Confronting Black-Owned Businesses

Systemic Barriers to Viability

Well-documented evidence exists that employment, and specifically business ownership, can create new economic opportunities to address many of the wealth disparities which burden Black and Brown communities (Bates et al., 2007; Gorman, 2017). Yet, small businesses of color face pervasive discrimination in accessing the three key determinants of small business viability: leadership education, credit and financial capital, and the marketplace (Bates et al., 2007; Gorman, 2017; Hecht, 2018; Turner, 2016; Zeuli et al., 2018). Per Bates (1997), these discriminatory access barriers frequently lead to substantially smaller, less profitable, less sustainable businesses.
Access to Education

Research has demonstrated that general and business management education is one of the critical fundamentals to successful business ownership (Bates et al., 2007; Hecht, 2018; Lahr et al., 2020; Zeuli et al., 2018). This is even more pronounced for businesses of color. “Indeed, among high-growth inner city businesses, CEOs of color need to have more education than their white peers to make just 44 percent of their profits” (Zeuli et al., 2018, p. 7). Yet, as of 2018, a significantly lower proportion of business school applicants were Black in comparison to both the US population and those with a bachelor’s degree. Zeuli et al. (2018) hypothesize that differences in education may directly contribute to fewer Black business start-ups, particularly in high-growth industries.

Access to Market

One prevalent approach to addressing the issue of lack of access to market for disadvantaged businesses is the focus on “supplier diversity,” where very large businesses increase contracting opportunities with smaller, diverse businesses, so that those businesses can themselves become very large employers over time (Zeuli et al., 2018). The expectation is that once these businesses of color grow to become large businesses themselves within their own communities of color, they will hire predominantly people of color from those very communities (Bates et al., 2007; Boston, 1997; Sawicki & Moody, 1996).

However, this can be an insurmountable challenge for very small businesses, particularly those of color, as demonstrated through field studies conducted in conjunction with the National Association of Purchasing Management (NAPM) and its Center for Advanced Purchasing Studies (Dollinger, et al., 1991). These studies surveyed suppliers of color (44.4% Black, 26.6% Latinx, 18.3 Asian American, and 4.1% Native American), and large corporation purchasing personnel (85.7% White) to assess their perspectives on barriers to successful Minority Business Enterprise (MBE) purchasing programs. The studies found, first, that the MBEs often encounter apathy and resistance from the larger contracting corporations, due to the perception of knowledge gaps and associated learning curves that the MBEs would need to climb in order to be seen as qualified and suitable suppliers by the purchasing corporations (Dollinger, et al., 1991; Portnoy & D’Costa, 2019). Second, the MBEs frequently must navigate misalignment between the corporations’ supplier diversity program proponents (corporate managers and executives) and the personnel responsible for actually implementing the supplier diversity programs (corporate buyers and purchasing directors) (Dollinger, et al., 1991; Portnoy & D’Costa, 2019).
Access to Capital

Gaining access to commercial capital is one of the most challenging obstacles facing entrepreneurs and small businesses of color (Lahr et al., 2020; Gorman, 2017; Turner, 2016; Zeuli et al., 2018). These businesses are subjected to higher loan interest rates, lower loan ceilings, higher denials of credit, and significantly lower investment by angel and venture capital investors than White businesses (Bates & Robb, 2013; Fairlie & Robb, 2007, 2010; Gompers & Wang 2017; Sohl, 2018; Zeuli et al., 2018).

Given historical and institutional lending biases in communities of color, these capital access challenges are even more stark for entrepreneurs of color doing business in these communities (Bates, 2010; Bates & Robb, 2013; Zeuli et al., 2018). Throughout their operating life cycle, businesses of color therefore are significantly undercapitalized compared with White businesses, dramatically hindering growth and economic vitality for these businesses, particularly compared to White businesses (Fairlie & Robb, 2008, 2010; Lofstrom & Bates, 2013; Zeuli et al., 2018). These dynamics tend to lead businesses of color to congregate in industries that require less capital, but that have higher failure rates, rather than seeking high-growth industries requiring higher capitalization (Gorman, 2017; Lofstrom & Bates, 2013; Reuben & Queen, 2015; Zeuli et al., 2018).

Further Challenges Constraining Black-Owned Businesses

Need for Collaborative Culture

These findings dovetailed with another small series of listening sessions conducted with manufacturers and makers in Oakland, California, which very intentionally centered small, women-owned, and businesses of color in East Oakland (Lahr et al., 2020). Business leaders discussed barriers to growth in terms of access to capital, access to education, and access to market. But in addition, they also expressed a very strong need for culturally competent mentorship, and the opportunity for collaboration and shared learning among the businesses, again particularly for those of color.

Community/Profit Conflict

In addition, business leaders demonstrated an enormous sense of care and concern for the community, which directly influences and drives many of the decisions and initiatives that these businesses of color undertake (Lahr et al., 2020). This community orientation, however, is often not explicitly acknowledged by the business leaders, nor is it purposefully identified as a strategic business goal; meaning this desire to uplift the community through the business is expressed almost in conflict with the traditional, learned belief that businesses must be primarily profit-focused and centered on profit maximization (Lahr et al., 2020: McCunn, Vickerie-Dearman, & Gagnon, 2020). This apparent social versus profit tug-of-war is commonly demonstrated within inner city...
businesses (Monti Jr et al., 2007). “The complexity of their [combined] social and economic goals, organizational practices and community activities creates dilemmas for these entrepreneurs, particularly as they grow” (Monti Jr et al., 2007, p. 373). Notably, given this lack of intentionality regarding their social impact strategy, “… many entrepreneurs have not made as much use of their professional and community networks to attract new employees, or for that matter, the capital or technological resources they need to make their ventures grow” (Monti Jr et al., 2007, p. 373).

Trust Gap

One additional theme that is emerging in these investigations is a “trust” gap (Gorman, 2017; Lahr et al., 2020). For many Black business leaders, this is demonstrated by a lack of trust in local government initiatives and behavior; a lack of confidence in the cultural understanding of many technical assistance providers; wariness and a fear of betrayal from capital providers; and cynicism toward societal institutions, initiatives, policies etc. This “trust” gap is a result of historical, present, and pervasive discrimination and a lack of cultural sensitivity/competency from certain support providers (Gorman, 2017; Lahr et al., 2020). Given these findings, there is a strong need to repair and build upon these relationships, coupled with a need for culturally competent partnerships and mentorship, and the opportunity for collaboration and sharing amongst small businesses of color (Lahr et al., 2020).

Amplifying Disparities for Black-Owned Businesses: Community Upheaval

Disproportionate Impacts of COVID-19

Past and current conditions for Black Americans have contributed to ongoing challenges for Black business owners in starting and growing their businesses (Lahr et al., 2020; Gordon Nemhhard, 2014). The COVID-19 pandemic has exacerbated previously noted systemic barriers. Due to historic racist and discriminatory policies and culture, Black Americans and other people of color have been disproportionately vulnerable during the COVID-19 pandemic crisis. More than half of the 3.1 million individuals who were not able to afford health care insurance were people of color and 30 percent of those individuals were Black Americans (Young, 2020). Per the non-profit Small Business Majority, “Access to affordable healthcare has historically been unequal in communities of color and for their small businesses, which correlates to local disparities. Small business owners rely on affordable care for themselves and their employees, but paying exorbitant healthcare costs impedes a business’s success. The Affordable Care Act [of 2010] provided greater access to healthcare and spurred entrepreneurship, but rollbacks to the law under the prior administration have put small business owners of color at greater risk when it comes to accessing affordable, quality coverage” (Policy Agenda, 2021, p. 3).
Since July 2020, Black Americans have passed away from COVID-19 at twice the rate of White Americans, and at least 3 years younger in age (Young, 2020). Black Americans are less likely to be treated at hospitals and are more likely to receive poorer care compared to their White counterparts (Young, 2020). Along with these disheartening indicators, and further compounding the health trauma, the virus created a “vicious circle” in which economic disparities have increased, further increasing the spread of the virus, and therefore further inhibiting economic recovery (Thorbecke & Mitropoulos, 2020).

For small Black businesses, the COVID-19 impact has been particularly devastating (Fairlie, 2020). Because fewer Black-owned businesses are in “essential” industries, fewer were able to continue operations during the shutdown. Yet of those industries, Black-owned businesses are mostly concentrated in those that are more vulnerable to losses from COVID-19.

In an attempted response to the economic plight suffered by Black and other minority-owned businesses due to COVID-19, Congress directed that certain Coronavirus Relief Bill funds be allocated to the Minority Business Development Agency (MBDA). According to Bloomberg News, the role of the MBDA is to link “minority-owned businesses with the capital, contracts, and markets they need to grow, yet it received not even 1% of coronavirus relief assistance” (Hopkinson & Perry, 2020, p.4).

**Racial Justice Marches and Vandalism**

In the midst of the global shutdown instituted as a result of the COVID-19 pandemic, Black Americans and people from around the world experienced additional collective emotional trauma, fueled by the outraged reactions to the widespread news of the unjust killings of Ahmaud Arbery, Breonna Taylor, George Floyd, and other Black Americans (Bhattarai, 2020; Fortson, 2020). In unprecedented numbers, thousands of people flooded the streets in small towns and big cities alike, advocating for Black Americans who have experienced deeply rooted suffering, racism, and injustices at the hands of armed White police officers. These marches decried injustices within the criminal justice system, as well as the inequitable access and historic oppression that African Americans have suffered related to housing, education, wealth, health, and well-being, since the times of slavery.

Amid the demonstrations, however, many Black-owned businesses were vandalized alongside others, and as a result suffered an additional financial and operational blow (Bhattarai, 2020; Fortson, 2020). Black business owners across the nation found themselves in a perilous conflict, as many agreed whole-heartedly with the racial justice marchers’ frustrations, and in some cases even joined the demonstrations themselves, yet were also struggling to find ways to avoid their own businesses being vandalized amid the turmoil. Other business owners had already experienced acts of vandalism prior to 2020 as a result of previous widespread protests related to police violence and shootings of other Black men. Many have lost thousands of dollars attempting to recover from those events. From windows being broken to merchandise being taken,
this presents as an additional layer of economic challenge facing Black business owners in major cities across the country. Census data project that the added challenges of vandalized businesses coupled with the COVID-19 pandemic and historic barriers to education, capital, and market access, could leave many Black-owned businesses permanently shuttered (Bhattarai, 2020).

**Learning From Past Generations: Survival Despite Oppression**

*Finding Collective Courage*

Throughout history, Black business owners have turned to one another and to their communities to find support in surviving market upheavals in the midst of deep racial disparities. Jessica Gordon Nembhard (2014) describes this concept as *Collective Courage* and has chronicled the “grassroots economic organizing and collective ownership” of communities of color throughout history to present day, as a means of combatting institutional, individual, and systemic racism (p. 28). Gordon Nembhard highlights the repeated successful ways that marginalized communities have leveraged shared learning, shared ownership, and shared investment to advance, despite institutional and systemic conflict (Lahr et al., 2019).

The benefits of the Black community coming together in support of local Black businesses was clearly evidenced in Oakland, California during the devastation of the COVID-19 epidemic and related community upheaval. “As damage from looting and property destruction added to the financial pain of African American-owned businesses already hurting from the coronavirus shutdown, Oakland non-profits, business leaders and community members swung into action, collectively raising almost $1 million to help those businesses recover” (Boyle, 2020, p.1). As proclaimed by one of the community organizers of the efforts, “[i]t is our hope that this is a worldwide awakening brought on by COVID and made even stronger given the unrest that we are experiencing” … “We recognize that we have got to be in it for each other, we have got to help each other” (Boyle, 2020, p.1).

*Introducing the “4th Dimension”: A Social Value Strategy*

From the above, we hypothesize that along with the three dimensions of access to capital, market access, and education/training, a key “fourth dimension” to viability and growth, particularly for Black-owned small businesses, is a clear social value strategy characterized by purposeful community networking and resourcing (Lahr et al., 2020; Gordon Nembhard, 2014). We envision the creation of “culturally appropriate, guided collaboration” for Black-owned businesses in communities of color, comprised of a collaborative, community-oriented social growth strategy for small Black-owned businesses, and implemented through cooperative, community-supported, market engagement (Lahr et al., 2020).
Moving Forward in Unity

Community-Oriented Social Growth Strategy

Job creation and employment, through business ownership, is one of the major contributors to economic vibrancy in communities of color. In fact, in Black communities, one important route to addressing economic disparities and the persistent wealth gap is through business ownership (Gorman, 2017). This leads directly to improvements in housing, health, and other community disparities (Asante-Muhammed et al., 2016; Davis, 2018; Gorman, 2017).

To accomplish this, however, rather than a select few businesses needing to grow exponentially larger in order to individually maximize job creation in communities of color, research suggests that enabling multiple micro-businesses to engage in incremental hiring can spur economic equity (Gorman, 2017). Gorman (2017) argues that if Black-owned sole proprietors were able to employ just one additional employee, along with Black-owned employers adding on average just an additional two employees, Black-owned businesses would reduce the rate of unemployment in the Black community to near 5%, leading to economic parity for Black communities.

However, as discussed earlier, many Black business owners fail to position their organizations to attract new employees (or growth capital or technological resources) by failing to leverage community relationships (Monti Jr et al., 2007). This in turn is associated with the lack of strategic clarity these business owners suffer due to an internalized conflict between the organization’s social commitment and the demands for profit maximization. Given this, a crucial step in positioning these businesses to become hiring-ready is to address this social versus profit strategic conflict (Lahr et al., 2020). By assisting these businesses in clearly and purposefully defining their social value delivery goals, and then in aligning their growth strategies with these social outcomes, businesses will be liberated to integrate their businesses into their communities. This will increase their legitimacy within their communities, and engender the advocacy, patronage, and support of their communities, spurring greater growth and viability.

Community-Supported Market Engagement

As a basis for exploring the benefits of leveraging community networks in support of Black-owned business viability and growth, we take note of the grass-roots means of accessing needed learning and resources that many small businesses of color undertake, when seeking out advice and guidance from mentors within their own communities (Lahr et al., 2020). Particularly for business owners for whom traditional growth resources are not accessible, the “lived-experience” insights gained from other business owners, advisors, mentors, and supporters within the community have proven invaluable in continuing forward.
Similarly, beyond traditional “market access” goals, Black business owners can form cooperative alliances with one another and the community to increase market visibility and market engagement. Gordon Nembhard (2014) recognizes this need for “the building of trust and solidarity among [business] members” and “support from the community” (p. 30). We found evidence of this ideal in the online community response to the economic toll that Black-owned businesses were suffering during the COVID-19 pandemic and related community unrest (Christian, 2020; Marcelo, 2020). Social media platform users rapidly began creating new virtual groups specifically for the advancement of Black businesses and to strengthen educational, market, and/or capital access for Black business owners. As a result, Black businesses received an outpouring of investments and experienced surging business sales. Similarly, many online platforms made changes to their websites to enable greater navigational accessibility in searches for Black-owned businesses (Christian, 2020). During the month of June 2020, Google searches for “Black owned businesses near me” skyrocketed (Marcelo, 2020). Social media activists also hosted “Blackout Day” on July 7, 2020 (Rogers, 2020), which called for consumers to refrain from spending at all that day, or to only support Black-owned businesses that day. Some Black businesses experienced over 200% increases in sales on Blackout Day.

This sudden flow of virtual community building and the responsive creation of virtual resources—intentional website redesign, added Black business promotions, amplified education sharing, expanded virtual market space and capital access—all appear to be extremely impactful and should be further explored and evaluated for potential development and best use practices, given the magnitude of the noted effects on Black businesses and within the black community (Christian, 2020; Marcelo, 2020; Rogers, 2020).

In fact, according to a report by ABC News (2020), the intense promotion of the “Buy Black” movement during the COVID-19 crisis created greater awareness of Black-owned businesses. While “Buy Black” promotion is not new within the Black community, this groundswell movement saw social media platforms and the general public leveraging their reach to more widely advocate for and support purchasing from Black-owned businesses. This provided much-needed and timely revenue to allow many Black-owned businesses to survive, even while battling the economic devastation wrought by COVID-19. The belief by many industry observers is that this re-energized attention to, and more widely embraced interest in “Buying Black” should and will extend well beyond the current crisis.

**Recommendations and Next Steps**

*Cooperative Enterprise Development*

Gordon Nembhard (2004) similarly shares that even while “African Americans throughout their history have come together to pool resources, take control of productive assets, and work to create alternative economies in the face of poverty, limited resources, market failures, and/or racial oppression” (p. 317), “it has often been a hidden history and one thwarted by racism and white supremacist violence” (p. 300).
We therefore argue that this historical, grassroots collaboration must now be formalized and purposefully adopted to spur economic transformation in communities of color. Per Gordon Nembhard, we advocate for “cooperative enterprise development as a strategy for African Americans - particularly as a mechanism to control their own income and wealth generation through economic forms that reflect their social and economic values and delivery benefits broadly” (p. 299).

**The fourth Dimension as “Cooperative Economic Development”**

Gordon Nembhard (2004) shares the view of cooperative enterprise development as the result of “subaltern cooperative economic development”: “the process and strategy through which members of subaltern populations (communities economically marginalized and culturally subordinate to a dominant class or material group) use strong group identity and concern for community to develop productive, collaborative, cooperative economic enterprises” (Gordon Nembhard, 2004, p. 298).

We therefore recommend the following:

- **Community-Oriented Social Growth Strategy**: Supporting and funding the culturally competent delivery of social enterprise strategic planning, technical assistance and access to capital, for Black-owned micro and small social ventures and cooperatives. This would address the social versus profit strategic conflict facing these businesses, so that they can integrate fully into their communities, and enjoy greater support, patronage, and legitimacy from within their communities.

- **Community-Supported Virtual Market Engagement**: Virtual community building to support market access and market engagement for Black-owned micro and small social ventures and cooperatives. This would allow Black business owners to better connect and receive increased support in terms of finances, collaborative support, and educational training. It would also provide more opportunities for business growth by reaching a larger customer base.

- **Assess the state of Black-owned businesses**, including Black-owned business displacement and failures. This would provide documentation of the disproportionate challenges to economic parity facing Black-owned businesses, particularly in economically distressed communities, in order to inform current economic recovery efforts, as well as future policy measures aimed at addressing the causes of these historic, systemic, and institutional economic disparities.

- **Generate an improved understanding of the current dynamics and the collaborative network structure of the Black-owned business ecosystem**. This would inform how Black businesses are connecting with each other, if at all, and how they are navigating the system. This would also provide further information on their needs and current gaps within the local, state, and federal systems and policies set to aid them.
Further, expanding upon recommendations offered by the Greenlining Institute (Velasquez, 2019), we recommend:

- “Make capital and infrastructure improvements in underserved areas a top priority … to foster a healthy ecosystem for small businesses of color” (Velasquez, 2019, p. 11), particularly in the most distressed and vulnerable neighborhoods. This ensures that it is not up to these businesses themselves to manage the collateral impacts of chronic economic disinvestment and neglect on the viability of their businesses.
- “Invest in trust. Develop a non-judgmental engagement strategy to support and engage unlicensed small businesses” (Velasquez, 2019, p. 9), particularly emphasizing those with a cooperative or social mission. This encourages an empathetic, compassionate approach to supporting these businesses in their growth, engendering a trusting relationship between these businesses and local regulators, staff, and permitting agencies.

Given the strong historical evidence of the reliance of communities of color on grassroots cooperative economic development as a means of survival in the face of economic and racial oppression, we recommend that this “4th Dimension” be adopted, strengthened, and deepened by policy-makers, government administrators, and decision-makers.

Declaration of Conflicting Interests
The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding
The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: This project received funding from the Mills College Lorry I. Lokey School of Business and Public Policy Student Research Grant program and the East Oakland Community Development Corporation CARES Act Grant.

ORCID iD
Darcelle Lahr  https://orcid.org/0000-0003-0949-6738

References
ABC News. 2020. ‘Buy Black’ movement boosts Black-owned small businesses [Video]. YouTube.  https://www.youtube.com/watch?v=j1h7JADK2aM&feature=youtu.be&app=desktop
Asante-Muhammed, D., C. Collins, J. Hoxie, and E. Nieves. 2016. The ever-growing gap: Without change, African American and Latino families won't match White wealth for centuries. Washington, DC, USA: Institute for Policy Studies.

Bates, T. 2010. Alleviating the Financial Capital Barriers Impeding Business Development in Inner Cities. *Journal of the American Planning Association*, 76(3), 349–362.

Bates, T., W. E. Jackson, III, and J. H. Johnson, Jr. 2007. Advancing research on minority entrepreneurship. *The Annals of the American Academy of Political and Social Science*, 613(1), 10-17.

Bates, T. and A. Robb. 2013. Greater Access to Capital Is Needed to Unleash the Local Economic Development Potential of Minority-Owned Businesses. *Economic Development Quarterly*, 27(3), 250–259.

BBC News. 2020. George Floyd: What happened in the final moments of his life. Retrieved from https://www.bbc.com/news/world-us-canada-52861726

Bhattarai, A.. 2020. For many black business owners, importance of protests overshadows cost of rebuilding. *The Washington Post*. Retrieved from https://www.washingtonpost.com/business/2020/06/05/many-black-business-owners-importance-protests-overshadows-cost-rebuilding/

Bone, Sterling A., Glenn L. Christensen, and Jerome D. Williams. 2014. Rejected, Shackled, and Alone: The Impact of Systemic Restricted Choice on Minority Consumers’ Construction of Self,” *Journal of Consumer Research*, 41(2), 451–474.

Boston, T. 1997. Black business can make the difference. *Black Enterprise*, 27(8), 20-21.

Boyle, M. 2020. Community Efforts Raise Nearly $1 Million for Black-Owned Oakland Businesses. San Francisco Public Press. Retrieved from https://sfpublicpress.org/community-efforts-raise-nearly-1-million-for-black-owned-oakland-businesses/

Cerullo, M. 2020. Up to 90% of minority and women owners shut out of Paycheck Protection Program, experts fear. CBS News. Retrieved from https://www.cbsnews.com/news/women-minority-business-owners-paycheck-protection-program-loans/

Christian, E. 2020. Black owned businesses see a surge after social media lists are created. Bakersfield Now Eyewitness News, KBAK/KBFX. Retrieved from https://bakersfieldnow.com/news/local/black-owned-businesses-see-a-surge-after-social-media-lists-are-created

Coates, T. 2014. The Case For Reparations. *The Atlantic*.

COVID-19 Overview and Infection Prevention and Control Priorities in Non-US Healthcare Settings. 2020. *Centers for Disease Control and Prevention*. Retrieved August 6, 2020 from https://www.cdc.gov/coronavirus/2019-ncov/hcp/non-us-settings/overview/index.html

Crockett, D., and Grier, S. A. 2020. Race in the Marketplace and COVID-19. *Journal of Public Policy & Marketing*. 41, 89–91. doi:10.1177/0743915620931448

Davis, K.. 2018. How Black Millennials Can Finally Close the Racial Wealth Gap. Fast Company. Retrieved from www.fastcompany.com/40561619/how-black-millennials-can-finally-close-the-racial-wealth-gap

Dollinger, M. J., Enz, C. A., and Daily, C. M. 1991. Purchasing from minority small businesses. *International Journal of Purchasing and Materials Management*, 27(2), 9–14.
Fairlie, R. 2020. *The impact of COVID-19 on small business owners: Evidence of early-stage losses from the April 2020 current population survey.* National Bureau of Economic Research. Retrieved from https://www.nber.org/papers/w27309

Fairlie, R. W. and A. M. Robb. 2007. Why Are Black-Owned Businesses Less Successful than White-Owned Businesses? The Role of Families, Inheritances, and Business Human Capital. *Journal of Labor Economics,* 25(2), 289–323.

Fairlie, R. W. and A. M. Robb. 2008. *Race and Entrepreneurial Success: Black-, Asian-, and White-Owned Businesses in the United States.* Massachusetts, USA: MIT Press.

Fairlie, R. W. and A. M. Robb. 2010. *Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs.* U.S. Department of Commerce Minority Business Development Agency.

Fortson, J. 2020. *Community raises thousands of dollars for Oakland Black-owned businesses damaged during protests.* ABC7 News. Retrieved from https://abc7news.com/black-lives-matter-owned-business-oakstop-oakland-small-fundraiser/6233147/

Gompers, P. and S. Wang. 2017. *Diversity in Innovation (Working Paper No. 23082).* Cambridge, MA: National Bureau of Economic Research.

Nembhard, J. G. 2004. Cooperative ownership in the struggle for African American economic empowerment. *Humanity & Society,* 28(3), 298–321.

Gordon Nembhard, J. 2014. *Collective Courage: A History of African American Cooperative Thought and Practice.* University Park, PA: The PA State University Press.

Gorman, I. 2017. *The Tapestry of Black Business Ownership in America: Untapped Opportunities for Business Success.* Association for Enterprise Opportunity.

Great Recession. 2019. *History.* Retrieved August 4, 2020 from https://www.history.com/topics/21st-century/recession

Great Recession Timeline. (April 3, 2020). *History.* Retrieved August 4, 2020 from https://www.history.com/topics/21st-century/great-recession-timeline

Hannah-Jones, N. 2020. It’s Time for Reparations. *The New York Times.* Retrieved from https://www.nytimes.com/interactive/2020/06/24/magazine/reparations-slavery.html

Heath, D. 2020. *The Case for Reparations in Tulsa, Oklahoma A Human Rights Argument.* *Human Rights Watch.* Retrieved from https://www.hrw.org/news/2020/05/29/case-reparations-tulsa-oklahoma#

Hecht, B. 2018. *Why Entrepreneurs of Color Are Struggling.* Bloomberg CityLab. Retrieved from https://www.bloomberg.com/news/articles/2020-08-03/past-recession-data-previews-deep-transit-cuts

Hopkinson, N. and Perry, A. (2020, Mar 20). Black Businesses Left Behind in Covid-19 Relief. Retrieved from https://www.citylab.com/perspective/2020/03/coronavirus-relief-racial-equity-black-business-covid-19/609055

Interim Guidance for Businesses and Employers Responding to Coronavirus Disease 2019 COVID-19. 2020. *Centers for Disease Control and Prevention.* Retrieved August 6, 2020 from https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-business-response.html

Lahr, D., A. Adams, A. Edges, J. Bletz, C. Utschig, and D. Brown. (2020). Oakland manufacturers: Impacts assessment. Lorry I. Lokey School of Business and Public Policy, Mills College.
Lansing, K. 2011. Gauging the Impact of the Great Recession. *FRBSF Economic Letter*, 21, 1–6.
Lofstrom, M. and Bates, T. 2013. African Americans’ pursuit of self-employment. *Small Business Economics*, 40(1), 73–86.
Marcelo, P. 2020. *Black-owned businesses see sales surge amid racism reckoning*. KTVU Fox 2 Boston. Retrieved from https://www.ktvu.com/news/black-owned-businesses-see-sales-surge-amid-racism-reckoning
McCunn, L. J., Vickerie-Dearman, L. S., and Gagnon, T. 2020. Evaluating a Pop-Up Resource Village in West Oakland: Making Connections with Sense of Place and Perceptions of Safety. *International Journal of Community Well-Being*, 3(2), 241–266. doi:10.1007/s42413-019-00048-4
McKernan, L. J., Vickerie-Dearman, L. S., and Zhang, S. 2013. *Less Than Equal: Racial Disparities in Wealth Accumulation*. Urban Institute. Retrieved from https://web.stanford.edu/group/scspi/media/_media/working_papers/mckernan-et-al_less-than-equal.pdf
Monti Jr, D. J., Ryan, A. D., Brush, C., and Gannon, A.. Civic capitalism: entrepreneurs, their ventures and communities. *Journal of Developmental Entrepreneurship* 2007; 12(03): 353–375.
Policy Agenda: The Agenda For America’s Entrepreneurs of Color. 2021. *Small Business Majority*. Retrieved July 18, 2021 from https://smallbusinessmajority.org/policy-agenda/agenda-for-americas-entrepreneurs-of-color
Portnoy, R. and S. D’Costa. 2019. *Business Market Access Report: A study of diverse businesses in the Bay Area*. Mills College Lorry I. Lokey School of Business and Public Policy.
Ravani, S.. 2019. *Economic growth eludes East Oakland, and business owners ask city for more help*. San Francisco: Chronicle. Retrieved from https://www.sfchronicle.com/bayarea/article/Economic-growth-eludes-East-Oakland-and-business-13727896.php
Rashawn, R. and A. Perry. 2020. *Why we need reparations for Black Americans*. Washington, DC, USA: The Brookings Institute. Retrieved from https://www.brookings.edu/policy2020/bigideas/why-we-need-reparations-for-black-americans/
Ray, R. and Perry, A. M.. *Why we need reparations for Black Americans*. Brookings Policy, 2020.
Reuben, L. J. and P. E. Queen. 2015. Capital constraints and industry mix implications for African-American business success. *The Review of Black Political Economy*, 42(4), 355-378.
Rogers, K. 2020. *Black-owned businesses report boost in sales and interest on Blackout Day*. CNBC. Retrieved from https://www.cnbc.com/2020/07/08/black-owned-businesses-report-boost-in-sales-on-blackout-day.html
Sawicki, D. S. and Moody, M. 1996. Déjà-vu all over again: Porter’s model of Inner-city Redevelopment. *The Review of Black Political Economy*, 24(2–3), 75–94.
Sohl, J. 2018. *The Angel Market in 2017: Angels Remain Bullish for Seed and Start-Up Investing*. Center for Venture Research.
Turner, E. 2016. *African American entrepreneurial sustainability*. [Doctoral dissertation, Walden University]. Walden Dissertations and Doctoral Studies Collection at ScholarWorks. https://scholarworks.waldenu.edu/dissertations
Thorbecke, C. and A. Mitropoulos. 2020. ‘Extreme inequality was the preexisting condition’: How COVID-19 widened America’s wealth gap. *ABC News*. Retrieved from https://
Velasquez, S. 2019. *Advancing Racial Equity in The City of Oakland’s Small Business Ecosystem*. Greenlining Institute. Retrieved from https://greenlining.org/publications/reports/2019/advancing-racial-equity-oakland-small-business-ecosystem/

Young, E. 2020. How the Pandemic Defeated America: A virus has brought the world’s most powerful country to its knees. *The Atlantic*. Retrieved from https://www.theatlantic.com/magazine/archive/2020/09/coronavirus-american-failure/614191/

Zeuli, K., Nijhuis, A., Eberhardt, P., O’Shea, K., and Verchot, M. 2018. *Helping Entrepreneurs of Color Grow their Business: Early Insights from the Ascend 2020 Initiative*. Initiative for a Competitive Inner City and University of Washington Foster School of Business Consulting and Business Development Center.