

Black Wall Street of the South: From Reconstruction to the Pandemic



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RESEARCH TEAM:

M'Balou Camara

Samuel DuBois Cook Center on Social Equity at Duke University

Andre' D. Vann

North Carolina Central University

William "Sandy" Darity

Samuel DuBois Cook Center on Social Equity at Duke University

Raffi E. García

Rensselaer Polytechnic Institute and Samuel DuBois Cook Center on Social Equity at Duke University

Jim Harper

North Carolina Central University

Bertha Johnson

City of Durham

Addison Malone

Columbia University

Henry McKoy

North Carolina Central University

Carl Webb

Provident 1898

Gwendolyn Wright

Samuel DuBois Cook Center on Social Equity at Duke University

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STUDY PARTICIPANTS

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■ Executive Summary

The goal of this project was to provide a descriptive, analytical, and textured understanding of black business owners' experiences in Durham amidst the COVID-19 pandemic. The report provides a rich historical context of black business ownership in Durham prior to the onset of the pandemic, emphasizing the prevalence of racial and gender disparities in business characteristics. Second, the report examines the impact of COVID-19 on four key dimensions of black business ownership:

operational, psychological, social, and financial. Third, it analyzes racial and gender disparities in the Paycheck Protection Program (PPP) lending during the pandemic. Fourth, it describes the ways that black business owners are coping and responding to the COVID-19-related impacts. Finally, the report concludes with a discussion of the policy implications of this study and offers recommendations that draw insight from the data and participant interviews.

Summary of Key Findings:

1. Before the COVID-19 pandemic, black business owners were disproportionately underrepresented as business owners in Durham, North Carolina. Moreover, compared to their white counterparts, black business owners reported having fewer employees, less annual revenue, younger businesses, and more barriers to credit access.
2. Faced with the uncertainty created by the COVID-19 pandemic and the changing landscape of the world of work, black business owners in Durham engineered countless innovations to ensure the well-being of their employees, their firms, and varied communities in Durham. These innovations and adaptations in-service of community, however, at-times came at the expense of respondents' personal and financial well-being.
3. Existing relationships with banks did not insulate black business owners in Durham who were seeking loans through the PPP, in contrast with recent literature on bank-customer relationship. Moreover, some respondents experienced time as a racialized, gendered resource, specifically when seeking financial support. Structural gendered racism shaped respondent experiences pre-COVID, and figured largely in some of the funding experiences of black women business owners during the pandemic, operational adjustments made in solidarity with female employees, and the development of virtual networks.
4. The 2020 Buy Black Movement in Durham, although generally positive, shaped business owners' perspectives and psychological experiences during COVID-19 due to the fleeting engagement of predominantly non-black customer bases. It informed business owners' understanding of Buy Black Movements as a positive short-term initiative, yet not a panacea for sustaining black-owned businesses in the long term.
5. The majority of business owners expressed a preference for reciprocal, intra-business or community-level interventions that allowed firms across and within industries to support each other financially throughout the COVID-19 pandemic without taking on debt. Respondents highlighted a wealth of factors played into their present and future success, chiefly communal impact and longevity, personal peace and fulfillment, and individual financial security.
6. The Paycheck Protection Program has helped black-owned businesses stay afloat. However, black-white comparisons of loan amount distributions show that black-owned businesses faced a 30-40 percent funding gap compared to other business owners. The effects are statistically significant even when correcting for selection and controlling for industry, number of jobs, gender, lender, zip code, and other borrower and community-level characteristics.

7. The analysis shows evidence of self-selection in deciding not to report the borrower's race on the PPP loan applications for fear of the information being used against the applicant. In Durham, approximately 90 percent of the PPP loan borrowers did not report their race; this number is consistent with national PPP data. Those that did not report their race received an average of approximately \$35,000 more in funding; this amount is statistically significant at the 99% level.

8. Self-reported black owners, when compared to the unreported race subsample, faced a 42 percent funding gap, providing some evidence of a penalty for self-reporting as a black business owner. When compared to self-reported white borrowers, the magnitude of the effect remains similar, but the statistical significance disappears. This shows that financial institutions do compare across self-reported racial groups. Hence, any bias against black borrowers also hurts white borrowers that self-report their race. In terms of gender, the findings show that black female owners did not experience an additional funding gap outside of the racial funding gap faced by all black owners.

■ Introduction and Background

In the initial weeks after the onset of COVID-19, the emerging consensus was that it was an equal opportunity virus insofar as it affected everyone equally without regard to socio-economic status. However, with the release of demographic data from various states, this consensus proved false. This report highlights the disparate impact the disease had on black-owned businesses. The goals of this project were to address the following: how are black business owners and their employees coping with the present economic shocks; analyze the government impact through the American Rescue Plan, CARES Act and other legislative action; and examine strategies put forth by the private sector in support of black-owned businesses.

Durham's Historic Black Wall Street

The historic marker located in downtown Durham reads, "In the early decades of the 1900s Durham acquired a national reputation for entrepreneurship. Businesses owned by African Americans lined Parrish Street. Among them were North Carolina Mutual Life Insurance Company (1898) led by John Merrick and later Mechanics and Farmers Bank (1907) led by R.B. Fitzgerald and W.G. Pearson." This historic marker is a symbol of the economic prowess and entrepreneurial spirit that existed in Durham, North Carolina, at the turn of the 20th century. While other cities including Tulsa, Oklahoma; Richmond, Virginia; New Orleans, Louisiana; Chicago, Illinois; Detroit, Michigan; Baltimore, Maryland; and Atlanta, Georgia, were also centers of Black entrepreneurship, Durham was different. The Black Wall Street in Durham lasted longer than in the other cities from the early 1900s to 1960s.

Durham was not the usual southern city entrenched in a history of racial and class-based separation. It was sparsely populated by farmers until the railroad was routed through in 1853. Tobacco warehouses sprang up along the tracks, creating a demand for an increase in black and white laborers. Jim Crow segregation provided the rules, written and unwritten, for the day-to-day interactions between black and white people as well as the geographical location in which both groups lived. Blacks lived separately from whites in Hayti, East End, West End, Hyde Park, Brookstown, Emorywood, Buggy Bottom, Hicks Town, and a few other communities. At this time, Durham was a relatively progressive city in

The Samuel DuBois Cook Center on Social Equity at Duke University and its collaborators at North Carolina Central University, the City of Durham, and local entrepreneurs investigated the underlying causes and consequences of inequitable systems that led to such a disparate impact on local black-owned businesses in Durham, North Carolina, as a result of COVID-19. Data from this study are key in developing bold policies and strategies to assist black business owners, employees, and underserved communities on a national scale. It is through this framework that we create a more just environment, not only for these businesses to survive, but also for their long-term sustainability.

the New South. The Hayti community was the epicenter of the majority of businesses and homes for African Americans. Black people developed a cradle-to-grave community where they could be born in a black hospital, attend black secondary schools, attend a black college, be employed by a black person, build a black-owned business, shop at black-owned businesses, and seek the services from black people with skills any number of trades, deposit money in a black bank, purchase life insurance, and be buried by a black mortician in a black cemetery. Durham became a model for entrepreneurship, and self-help and the name Hayti was meant to suggest the symbolism of the independent black nation of Hayti and reflects the principles of race pride, self-help, and autonomy.

From the beginning of the development of black business enterprise, there was a tendency towards cooperation between blacks and whites that was not seen in other southern cities. The rapid development of Durham as one of the industrial centers of North Carolina in the early twentieth century continued to give the Durham County Negro advantages not generally available to the Negro in the South. Harry J. Walker stated, "Thus the rapid growth of the population of the town as an aspect of the industrial development brought together whites and blacks in a new relationship. The industries established in this period were owned and controlled by a group of whites who did not represent the planter class but were drawn from a white class of moderate means. For the first time Negroes were used

as industrial workers and thus came into competition with white labor in both tobacco and cotton mills" (Walker, 1945).

Although racial tensions were high in the South, in Durham businessmen including Julian Carr, Washington Duke, and James Duke, supported black businesses through financial investment and racial tolerance. These partnerships between blacks and whites in Durham distinguished Durham's black business community from other cities in the South. The concept of the "New South" lessened racial tensions in Durham as an economic shift occurred in the South from an almost exclusively agrarian society to one that embraced industrial development. These newly emerging white businessmen encouraged blacks to help themselves economically while plantation owners in other areas were economically dependent on a continuation of feudalism. The new factory owners could profitably use blacks, encourage them to provide service, and encourage the development of the Black Middle Class. It made sense for whites to encourage the development of early black businesses and services that whites would not provide for the emerging black middle class. A local business leader loaned one of the founders of John Merrick, the Negro insurance company money to start his career. Printing presses were given to blacks, white bankers helped to get Mechanics and Farmers bank chartered, and a hospital was donated to them. John Merrick was instrumental in securing funding from the Duke family to build Lincoln Hospital for African Americans. The Duke family also built B.N. Duke Auditorium on the campus of North Carolina Central University (Bowman, 1963).

At the state and federal levels, black leaders in Durham leveraged their influence and business savvy to obtain the necessary resources to maintain effective and efficient business strategies with the assistance of white state and federal support. After the 1929 crash of the stock market, the Great Depression led to the collapse of many businesses and black businesses suffered the greatest losses. As the depression loomed through the 1930s, black-owned insurance companies and banks were a few of the businesses to survive the depression. On June 16, 1933, President Franklin D. Roosevelt signed the Glass-Steagall Banking Reform Act, which created the Federal Deposit Insurance Corporation. This new system ensured that depositors in member banks were given the security of knowing that if their bank were to collapse, the federal government would refund the money they deposited. Prior to the signing of the Glass-Steagall Banking Reform Act, President Franklin D. Roosevelt's all-encompassing New Deal plan on

March 4, 1933, for the banking industry was instituted as a national bank holiday. North Carolina Governor John C. B. Ehringhaus initiated the state's bank holiday on March 6. On March 13, 1933, Mechanics and Farmers officials led by bank President Charles C. Spaulding and cashier R. L. McDougald met with Honorable Gurney P. Hood, the state banking commissioner, to request the bank reopen. Their request was granted because of the bank's strength of management and soundness of assets. Mechanics and Farmers Bank became the first bank in North Carolina—black or white—to reopen. Mechanics and Farmers and Wachovia Bank had the responsibility of servicing the Capital in Raleigh during this period. This is an example of the behind the scenes maneuvering Spaulding, Wheeler, and other leaders in Durham operated with white powerbrokers, while leaders like Wheeler took a more politically vocal stance towards achieving equity for blacks as Chairman of the Durham Committee on Negro (Black) Affairs. C.C. Spaulding focused his attention strictly on maintaining relations with white business and politicians. Their actions were part of the way black business activism functioned in the South (Winford, 2014). Essentially, the white community looked to the black leadership to ensure the black residents remained compliant under the rules of Jim Crow segregation and not be too vocal about fighting for equality. However, the black community continued to press for their rights as full citizens.

During its height, the Hayti business and residential district heralded over 600 homes and over 100 businesses. Prominent African American businessmen, intellectuals, politicians, and entertainers including Booker T. Washington, W.E.B. Du Bois, and E. Franklin Frazier, recognized the substantial entrepreneurial efforts of African Americans. Booker T. Washington stated "Durham is one of largest cities in North Carolina...the city of cities to look for prosperity of the Negroes and the greatest amount of friendly feeling between the two races of the South...Durham was a city of Negro enterprise (Independent, 1911)." W.E.B. Du Bois regarded the relationship between blacks and whites in Durham as an example of a solution to the race problem where African Americans operated with brains and drive to accomplish the goal of autonomy (Du Bois, 1912). E. Franklin Frazier noted, "when Harlem in New York City became the Mecca of the 'New Negro' and the center of the Negro Renaissance, the capital of the black bourgeoisie was Durham, North Carolina. In this city were located the most spectacular achievements of Negroes in the field of business enterprise: the North Carolina Mutual Life Insurance Company, the Mechanics and Farmers Bank, the Bankers Fire Insurance Company,

and the National Negro Finance Corporation. These enterprises had grown out of the pioneering efforts of men who had had little experience with business but had been inspired by the current faith, promulgated by Negro leaders that business enterprise would open the way to equality and acceptance in white America” (Frazier, 1997).

Black Durham businesses included insurance companies, banks, manufacturing establishments producing mattresses, hosiery, brick and iron articles and dressed lumber. There was also a hotel, hospital, newspaper, law firms, barber shops, beauty salons, restaurants, pharmacies, real estate companies, construction companies, a movie theatre, printers, laundry cleaners, and grocery stores.

As a business leader, John H. Wheeler advocated for blacks to move from low-wage, unskilled laborers to skilled, fair-wage labor positions in order to expand the purchasing power of black people and develop a path that would contribute to the South’s economy. In an address to Southern business leaders, Wheeler emphasized that blacks made up one-fourth of the region’s 42,000,000 citizens the South had to improve their economic viability. Through full integration, blacks could be fully integrated into all phases of the South’s economy. Wheeler further informed the business leaders that “in 1940, 750,000 Negro families owned their own homes valued at one billion dollars, and, in the South alone, 700,000 Negroes owned 8,325,000 acres of farm land valued at \$850,000,000 plus farm implements worth \$40,000,000.” Black businesses accounted for “approximately 32,000 retail stores having an annual sales volume of approximately \$100,000,000. In all, about 60,000 business enterprises in over 200 different lines [were] conducted by Negroes, among which [were] 55 life insurance companies reporting total assets of more than \$45,000,000 and total insurance in force of approximately \$600,000,000” (Wheeler, 1945, 2014). Just eighty years after the abolition of slavery, African Americans made exceptional strides in gaining wealth despite challenges faced during segregation.

The Hayti community flourished in the segregated South as a result of the partnerships developed with white businessmen and the intentional effort black Durham residents put into practicing group economics and group politics. Group economics was seen as they supported black owned businesses, both small and large, that were in some instances also supported with white investment. The money spent in these businesses almost never left the black community and supported the development of youth programs, social activities, schools, and other businesses.

Practicing group politics led African Americans in Durham to found the Durham Committee on Negro Affairs, now the Durham Committee on the Affairs of Black People, in 1935 at the Algonquin Tennis Club. The Durham Committee used its influence to ensure that Black Durham residents had a voice in the political affairs of the city. The founders were Charles Clinton Spaulding, James E. Shepard, Rencher N. Harris, W.D. Hill, R.L. McDougald, James T. Taylor, and Louis E. Austin, who were referred to as “a committee of influential Negroes.” From its inception, the Committee has opened its membership to every Black citizen; it has required no dues from its members. The Committee vigorously pursued nine major categories of activity: economics, politics, education, health, housing, youth, religious freedom, human affairs, and civic affairs. The strength of the financial institutions and collaborative networks with whites provided an environment where the Durham Committee could exert its political influence not only in Durham but also in state and national politics and influential members of Black Durham including C.C. Spaulding, Asa Spaulding, and John H. Wheeler served on state and national boards representing the interests of black people.

Urban Renewal devastated Durham Hayti community as redevelopment or rehabilitation of property in the city took precedence as the result of a cooperative effort by private developers and local government. The basic concept of urban renewal was to demolish and rebuild major city areas that were seen as obstacles to economic development. Created in 1958, the Durham Redevelopment Commission oversaw seven projects of urban renewal aimed at combating “urban blight,” one in Durham’s downtown, and the other six in historically black neighborhoods including Hayti and Northeast Central Durham. The decision was made to build Hwy 147 directly through the Hayti business district and residential community to make way for the development of the Research Triangle Park (RTP). As the tobacco and cigarette manufacturing industries were ending, the city was looking for a way to provide jobs and remain a relevant part of the growing technology industry. Beginning in 1961, the initial completion was supposed to take 10 years, but, to this day, all of the projects have not been completed. Over 500 homes were lost and the majority of the black owned businesses were destroyed, never to be rebuilt. As anchor financial institutions, North Carolina Mutual Life Insurance Company and Mechanics and Farmers Bank survived; however, over 500 residential homes were lost along with the majority of businesses that existed on Fayetteville and Pettigrew streets.

Only a few businesses that existed during Durham's Black Wall Street era survived urban renewal and continue to exist today. Those businesses include an insurance company, bank, funeral homes, an auto service center, restaurant, barbershop, and a political organization. These businesses listed below were able to adapt and relocate to spaces and continue to serve the Durham community. They can be categorized as either anchor institutions or sustainable businesses. Anchor institutions include NC Mutual Life Insurance Company and Mechanics and Farmers Bank; they provide the financial base that allows them to employ large numbers of people, provide a needed service, or provide loans to develop or sustain a business or home. An anchor institution may also have an economic impact at the state and national levels. These sustainable businesses are defined as meeting a specific need of the community without compromising the ability of future generations to meet their needs. It must be noted that the term sustainability does not only apply to environmental efforts. A listing of the surviving businesses that were developed during Durham's Black Wall Street are below:

- North Carolina Mutual Life Insurance Company, Inc. (1898)
- Scarborough-Hargett Celebration of Life Center, Inc. (1871 and opened in Durham in 1906)
- Mechanics and Farmers Bank (Chartered in 1907 and opened in 1908)
- Union Insurance and Realty Company (1924)
- Durham Committee on the Affairs of Black People (1935)
- Speight's Auto Service Center (1938)
- Burtney Funeral Service, Inc. (1946)
- The Chicken Hut Restaurant (1957)
- Fisher Memorial Funeral Parlor (1963)
- Special Consideration: Friendly Barbershop and Durham Business and Profession Chain (1938)

To date, there are ongoing efforts to reinstitute a program to assist African Americans to actively engage in entrepreneurial efforts to rebuild Durham's "Black Wall Street." The final anchor institution is Mechanics and Farmers Bank, which saw an increase in account holders resulting from the 21st century social justice movements that focus on supporting black businesses. The North Carolina Mutual Life Insurance Company is currently under the control of regulators and is awaiting a decision as it remains in litigation with a New York CEO that has been charged with defrauding the company. There are a number of well-established black owned businesses in Durham that include restaurants, a bed and breakfast, apparel stores, accountants, law firms, dentist offices, automotive services, as well as skilled trade service providers. The 70-year prominence of Durham's Black Wall Street gives hope that it will return once again and bring new levels of financial and political collaboration and tolerance to the Durham community.

■ Data and Methodology

The 2019 City of Durham Business Survey provides a pre-COVID-19 snapshot of the black-white differentials on full time employees, annual business revenue, business age, city contracts, funding sources, and barriers to profitability. This dataset has an overrepresentation of employer businesses, due to the difficulty in capturing non-employer businesses in national datasets. We look at data on the Paycheck Protection Program (PPP) (established by the CARES ACT and implemented by the Small Business Administration - SBA) for information on loan amounts, lenders, and loan approval dates. Corresponding analytical findings are presented in Section 6.

Additionally, a Directory is found in the Appendices that lists black or African American-owned businesses in Durham. This list was generated by collecting information from different sources online. We compiled this non-exhaustive list using online sources such as Discover Durham, Black Owned Biz, The Durham Box, as well as the PPP dataset. Businesses on these lists identify as black-owned, and the business owners of these businesses identify as black or African American. It should be noted these public databases may not in each instance represent businesses owners' affirmative consent of inclusion or self-identification as a black-owned business.

The qualitative component of this study utilizes in-depth interviews with eight black business owners (n=8) and two black CEOs (n=2) in Durham, NC, (N=10) to present a set of 10 cases together with statistical analyses of secondary data concerning business ownership directly preceding and following the onset of the COVID-19 pandemic. Discussion and analysis from the qualitative component of the study are presented in Sections 5 and 6. We utilize this mixed-methods approach, or triangulation, "wherein different kinds of data are collected to measure the same phenomenon" (Small, 2011, p. 63) to best assess:

- The influence of COVID-19 on black-owned businesses and surrounding communities, as well as the ripple effects throughout the local economy,
- The federal government's impact through the CARES Act (or PPP) and other legislative action, as well as private-sector interventions, and

- How business owners and their employees are coping with economic effects initiated by the COVID-19 pandemic.

A note on sampling: For the qualitative part of this study, we employ case-study logic, rather than sample-based logic, in our approach to the sequential in-depth interviews (Small, 2009). Case-study logic dictates each subsequent interview, or case, offers an "increasingly accurate understanding of the questions at hand" (Small, 2009, pp. 24-25). Researchers thus continually refine and re-evaluate their understanding of the mechanisms at play in answering the core research questions of the study and conclude the interview process only once saturation is attained, e.g., no novel patterns emerge via interviews. A case-study approach prioritizes saturation over representation, and allows a set of cases to make important contributions to knowledge by underscoring that the importance of a single case "lies in what it tells us about society as a whole rather than about the population of similar cases" (Small, 2009, p. 20).

Research participants for the qualitative section of the study were selected from industries or sectors in which black-owned businesses in Durham, NC, are most represented according to the data from the 2019 Durham Business Survey and our Durham Black-Owned Business Directory.

In addition, we use data on Paycheck Protection Program (PPP) Loans by Racial and Ethnic Groups in the City of Durham in 2020 in creating the qualitative sample. PPP data reflect the distribution of business type and number of jobs by self-reported black business owners in Durham. Specifically, two corporations were sampled with markedly divergent structures from other business types, insofar as their CEOs are employees of the corporation and paid a salary annually, with shareholders and board of directors.

A concerted effort was made to avoid the sampling error of survivorship bias; as such, owners of firms either temporarily or permanently closed since the onset of the COVID-19 pandemic were contacted, both by phone and email, to participate. Firms founded and established following the start of the pandemic were similarly included in qualitative-sample creation.

For the purposes of this study, the onset of the pandemic is bounded by the March 10, 2020, issuance of Executive Order 116 in North Carolina declaring a state of emergency to prevent the spread of COVID-19. Prior to interview-requests and scheduling, a complete proposal (including interview schedule, participant-consent form, and interview-request letter) was reviewed and approved by the Internal Review Board (IRB) of Duke University.

Although participants received no direct monetary benefits in the form of compensation, the interviews ideally offered an opportunity for business owners to reflect and voice their experiences as business owners and CEOs in Durham during the COVID pandemic. These semi-structured, in-depth qualitative interviews were conducted via telephone and/or Zoom, particularly in light of the ongoing nature of the pandemic, and lasted approximately one-hour. Interview transcripts with business owners and CEOs were coded for theme and variation in their stories concerning business ownership during COVID-19.

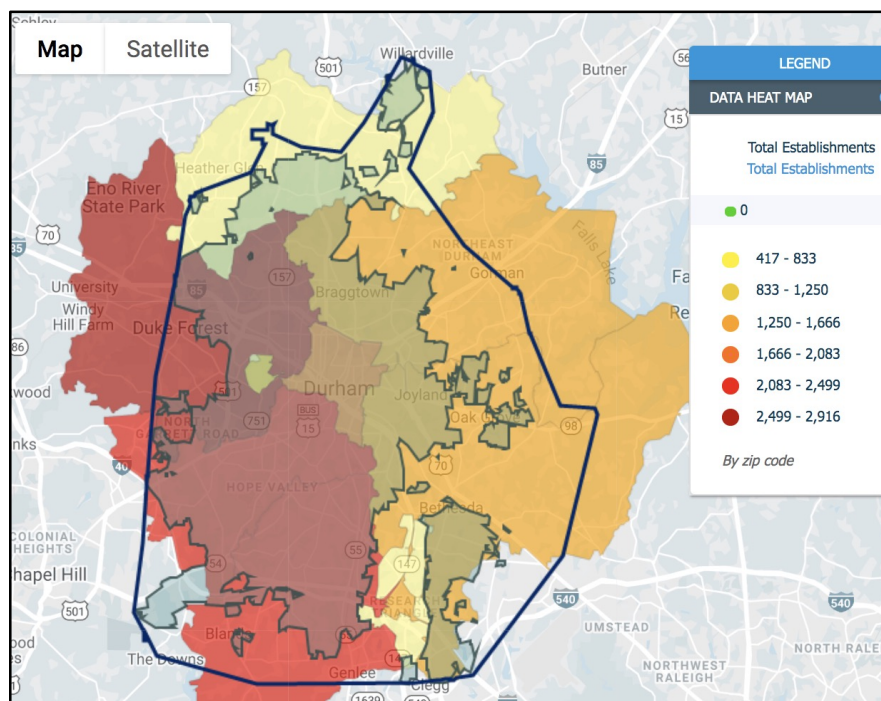
A methodological approach was taken in conducting these in-depth interviews which enabled researchers to: 1) study power and inequality; 2) join critical analysis with people's lives; and 3) theorize action (Charmaz, 2017, p.16). The qualitative component of this study likewise prioritizes three frameworks: 1) "mechanisms: seeing racism as a fundamental cause of inequality" to "examine structural stability and changing mechanisms in a single framework,"; 2) "spatial: the settler-colonial framework draws attention to material conditions across time and space and sees racial domination as an ongoing process of distribution of land and labor,"; 3) "agentic: the notion of racialized agency examines individual relations of mobility—and the crucial ability to structure one's time—within a larger racialized structure" (Seamster & Ray, 2018, p. 329). The qualitative component of this study is indebted to the expertise and insight of business-owner and CEO participants; their contributions of time and specialized knowledge allow the qualitative component to join the statistical analyses of secondary data to render a more robust picture of black business ownership in Durham during the COVID-19 pandemic.

■ Portrait of the Business Ownership Ecosystem in Durham

There are different ways of categorizing businesses. The most common categorizations tend to classify businesses as either (1) micro vs. small or (2) non-employer vs. employer. According to the U.S. Census Bureau, a “micro-business” is one with one to nine

employees whereas a “small business” is one with 500 employees or fewer (U.S. Small Business Administration, SBA). Nationally, 99.9% of all businesses meet the criteria for small businesses (SBA, 2019).

FIGURE 1. Distribution of Establishments in Durham, North Carolina, 2021



Ninety-nine percent of Durham-County employer firms were small businesses (U.S. Census Bureau, 2019)

A “non-employer business” is one with no paid employees other than the owner while an “employer business” is one with at least one paid employee other than the owner. The majority of firms in the United States are non-employer (U.S. Census Bureau, 2019). In 2018, Durham County was home to approximately 7,600 employer-businesses and 26,150 non-employer firms (U.S. Census Bureau, 2019). Ninety-nine percent of Durham-County employer firms were small businesses (U.S. Census Bureau, 2019). In keeping with the U.S.

Census Bureau’s definition of “micro-businesses,” 70 percent of Durham County employer firms had nine or fewer employees in 2018. Of note, the City of Durham makes up approximately 85 percent of Durham County’s total population (Bull City Rising, 2021). The distribution of establishments in Durham can be observed in the data heat map in Figure (1) accessed using the Durham Business Data Portal (2021).

TABLE 1: Industries for 2018 by Gender and Racial Groups in the City of Durham (%)

Business Sector	By Gender and Racial Groups					
	All Businesses		Black		White	
	Male	Female	Male	Female	Male	Female
(01) Agriculture, Forestry, Fishing, and Hunting	0.5	0.9	0.0	0.0	0.6	1.5
(02) Mining	0.0	0.0	0.0	0.0	0.0	0.0
(03) Utilities	0.2	0.5	0.0	0.0	0.3	0.7
(04) Construction	9.0	5.6	9.1	4.9	8.4	3.7
(05) Communications	1.2	0.9	1.8	0.0	1.2	1.5
(06) Manufacturing	4.4	1.9	0.0	0.0	5.2	3.0
(07) Wholesale Trade	1.6	2.3	1.8	0.0	1.4	3.7
(08) Retail Trade	12.0	10.7	12.7	6.6	11.0	10.4
(09) Transportation and Warehousing	2.1	0.9	3.6	1.6	2.0	0.7
(10) Information	0.7	1.4	0.0	1.6	0.9	0.7
(11) Finance and Insurance	6.9	5.1	9.1	11.5	6.9	3.0
(12) Real Estate and Rental Leasing	8.3	4.7	16.4	3.3	7.2	5.2
(13) Professional, Scientific, and Technical Services	16.2	12.1	12.7	13.1	16.2	12.7
(14) Management of Companies and Enterprises	0.2	0.9	0.0	0.0	0.3	0.7
(15) Administrative, Support, Waste Management, Remediation Services	0.7	0.9	1.8	1.6	0.6	0.7
(16) Educational Services	1.9	6.5	1.8	13.1	1.7	4.5
(17) Health Care and Social Assistance	6.9	10.7	10.9	11.5	6.6	11.2
(18) Arts, Entertainment, and Recreation	0.9	3.7	0.0	4.9	1.2	3.7
(19) Accommodation and Food Services	4.2	3.3	0.0	3.3	4.6	3.7
(20) Public Administration	0.0	0.0	0.0	0.0	0.0	0.0
(21) Other	22.0	26.6	18.2	23.0	23.7	28.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of Businesses	432	214	55	61	346	134

For the purposes of this study, the North American Industry Classification System (NAICS) provides a standard for categorizing business establishments. Using the 2-digit NAICS classification, economic activities are divided into 20 sectors. Nationally, the four most-common sectors for employer-businesses are Professional, Scientific, and Technical Services; Construction; Health Care and Social Assistance; and Retail Trade (U.S. Census Bureau, 2019). About one in every five black-owned businesses tend to fall under niche industries, frequently classified using the NAICS “Other Services” categorization. This sector includes the provision of services not elsewhere specified, such as advocacy, personal care, grant making, repairs, death care, and other personal services. However, the majority of black-owned businesses in Durham fit neatly within NAICS categorizations as shown in Table 1, with Professional, Scientific, and Technical Services and Health Care and Social Assistance as the top two sectors for both male and female black business owners.

Analyzing race and gender representation across industry is important. To test whether the industry rank distributions for female and male business owners are the same, we conducted a Spearman rank correlation coefficient test (see Table 1.1). The steps taken are the following. We first rank each industry based on the proportions provided in Table 1 for each of the racial-gender groups. We then proceed to calculate the correlation coefficients between male and female for each of the racial groups. We also derive the number of ranks (or industries), t-statistics, degrees of freedom, and the p-values. We can infer, based on the results, that the industry rank distributions are highly correlated for both male and females at the 5-percent or 1-percent level (given the p-value is lower than 0.0001). We do find, however, that the rank distribution correlation is lower between black male and female owners (correlation of 0.70) than that of white male and female owners (0.86).

TABLE 1.1: Testing the Rank Distribution of Industries Representation by Gender and Racial Groups of Ownership

	All Businesses		By Gender and Racial Groups			
	Male	Female	Black		White	
Revenue	Male	Female	Male	Female	Male	Female
(01) Agriculture, Forestry, Fishing, and Hunting	17	16	17	17.5	16.5	13.5
(02) Mining	20.5	20.5	17	17.5	20.5	20.5
(03) Utilities	18.5	19	17	17.5	18.5	17
(04) Construction	4	6	6.5	7.5	4	8.5
(05) Communications	13	16	10.5	17.5	13.5	13.5
(06) Manufacturing	8	12	17	17.5	8	11.5
(07) Wholesale Trade	12	11	10.5	17.5	12	8.5
(08) Retail Trade	3	3.5	3.5	6	3	4
(09) Transportation and Warehousing	10	16	8	12	10	17
(10) Information	15.5	13	17	12	15	17
(11) Finance and Insurance	6.5	7	6.5	4.5	6	11.5
(12) Real Estate and Rental Leasing	5	8	2	9.5	5	5
(13) Professional, Scientific, and Technical Services	2	2	3.5	2.5	2	2
(14) Management of Companies and Enterprises	18.5	16	17	17.5	18.5	17
(15) Administrative, Support, Waste Management, Remediation Services	15.5	16	10.5	12	16.5	17
(16) Educational Services	11	5	10.5	2.5	11	6
(17) Health Care and Social Assistance	6.5	3.5	5	4.5	7	3
(18) Arts, Entertainment, and Recreation	14	9	17	7.5	13.5	8.5
(19) Accommodation and Food Services	9	10	17	9.5	9	8.5
(20) Public Administration	20.5	20.5	17	17.5	20.5	20.5
(21) Other	1	1	1	1	1	1
Spearman Rank Correlation Coefficient		0.89		0.70		0.86
N		21		21		21
T-statistics		8.74		4.33		7.43
Degrees of Freedom		19		19		19
p-value		0.00		0.00		0.00

Next, we provide additional descriptive findings based on the 2019 City of Durham Business Survey to provide a snapshot of business ownership in the city directly preceding the COVID-19 pandemic.

3.1 Racial Disparities in Durham’s Business Owner Characteristics Pre-COVID-19

According to the U.S. Census Bureau’s Population Estimates Program (PEP), in 2019 Durham, North Carolina, had a population that was 38.7 percent black. Yet, data from the 2018 Annual Business Survey of all the business owners of employer businesses in the City of Durham indicates that only 4.7 percent were black. Nationally, black or African Americans made up 13.4 percent of the U.S. population, but only 1.7 percent of employer business owners across the country were black for the same year. Consistent with national trends, black Americans in the city of Durham were underrepresented as business owners of employer-firms prior to COVID-19 disproportionately.

In terms of business characteristics after the start-up stage, we observe racial disparities in enterprise size, opportunities, and obstacles in Durham, North Carolina. A total of 754 business owners in Durham were included in the 2019 Durham Business Survey. Some questions in the survey allowed for business owners to select multiple answers.

■ Starting a Business

Prior to the COVID-19 pandemic, the most common reason for starting or purchasing a business (see Table 2) was to increase household income, and black business owners were nearly 37 percent more likely than their white counterparts to enter into business ownership

seeking to increase household income. Conversely, white business owners were 88 percent more likely to start a business because they were continuing a family business that existed previously.

TABLE 2: Reasons for Starting/Purchasing a Business in Durham, 2019 (% , multiple answers allowed)

Reasons	All Businesses	Black	White
To increase household income	28.1	35.8	26.2
Needed flexible work arrangement	12.7	16.0	11.6
Continuing a family business	11.7	6.2	13.4
Lack of employment options	6.0	9.9	4.1
Innovate new product or service	22.3	22.8	22.8
Other	19.2	9.3	22.0
Total	100.0%	100.0%	100.0%
Number of Responses	855	162	614

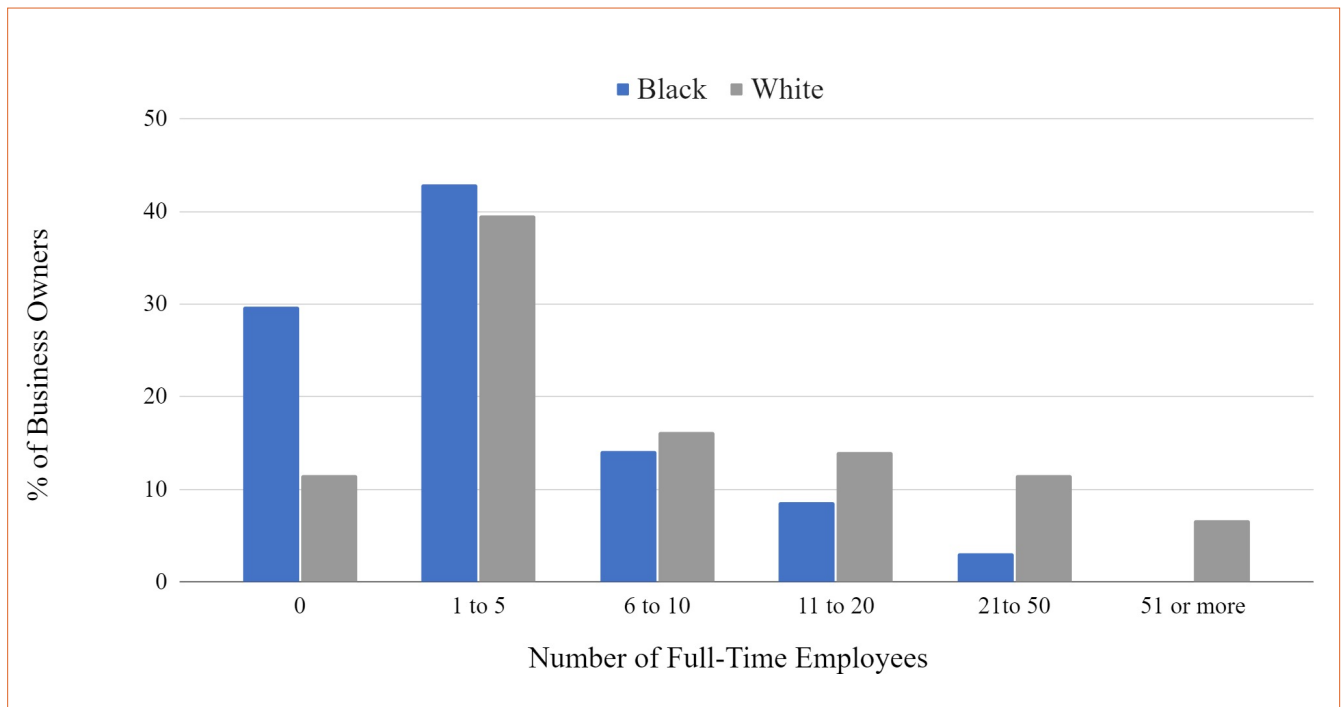
Size of the Business: Number of Full-Time Employees and Total Revenue

The business size disparity is best captured by the number of full-time employees as well as the annual total revenue of the business.

As depicted in Figure (2), most business owners in Durham (regardless of race) had between zero and five employees in 2019. Comparatively, however, black

business owners were more likely than their white counterparts to have a smaller enterprise represented by the number of full-time employees. Table 3 illustrates the percentage of 128 black business owners and 563 white business owners that fell into each of the full-time employment categories prior to the COVID-19 pandemic.

FIGURE 2. Number of Full-Time Employees in Durham, 2019 (%)



According to the City of Durham Business Survey (2019), 29.7 percent of black business owners and only 11.5 percent of white business owners had no full-time employees in that year. Black business owners were 2.6 times more likely than white business owners to have no full-time employees. Moreover, no black

business owners in Durham had more than 50 full-time employees. These findings align with national studies that suggest that non-employer firms are much more prevalent amongst black-owned businesses (Darity et al., 2019).

TABLE 3: Full-Time Employees by Racial Group of Ownership in Durham, 2019 (%)

Full-Time Employees	All Businesses	Black	White
0	14.5	29.7	11.5
1–5	40.7	43.0	39.6
6–10	15.4	14.1	16.2
11–20	13.1	8.6	14.0
21–50	9.9	3.1	11.5
51–99	2.1	0.0	2.5
100–499	2.8	0.0	3.6
500–999	0.0	0.0	0.0
1000–4999	0.1	0.0	0.2
5000 or more	0.3	0.0	0.4
No Answers	1.1	1.6	0.5
Total	100.0%	100.0%	100.0%
Number of Businesses	754	128	563

At the intersection of race and gender, we find that there were more black female business owners in the survey than black male. Black female business owners constituted the group with the largest proportion of businesses that were non-employer. Specifically, 31.9

percent of black female business owners had zero employees, while the proportion was only 9 percent for white male business owners. This means that black women were 3.5 times more likely than white men to own a non-employer business.

TABLE 4: Full-Time Employment and Business Ownership by Gender and Racial Groups in the City of Durham in 2019 (%)

			By Gender and Racial Groups			
	All Businesses		Black		White	
Full-time Employees	Male	Female	Male	Female	Male	Female
0	11.2	22.2	27.6	31.9	9.0	19.3
1–5	40.3	41.7	50.0	37.7	39.0	41.4
6–10	15.7	14.8	8.6	17.4	16.8	14.3
11–20	14.0	11.7	6.9	10.1	14.7	12.1
21–50	10.7	8.7	3.4	2.9	11.6	11.4
51–99	3.1	0.0	0.0	0.0	3.3	0.0
100–499	3.7	0.4	0.0	0.0	4.5	0.7
500–999	0.0	0.0	0.0	0.0	0.0	0.0
1000–4999	0.2	0.0	0.0	0.0	0.2	0.0
5000 or more	0.2	0.4	0.0	0.0	0.2	0.7
No Answers	1.0	0.0	3.4	0.0	0.7	0.0
Total	100%	100%	100%	100%	100%	100%
Number of Businesses	516	230	58	69	423	140

Correspondingly, black female business owners were the group with the lowest percentage of businesses having 21 employees or more in 2019. These findings suggest that, prior to the COVID-19 pandemic, non-employer businesses played a larger role amongst black women than they did in any other groups at the intersection of race and gender. This finding aligns with the fact that in 2012, black women business owners of non-employer firms made up nearly 60 percent of all black business owners in the U.S. (Survey of Business Owners, 2012).

TABLE 4.1: Testing Rank Distribution of Full Employment by Gender and Racial Groups of Ownership

Full-time Employees	All Businesses		By Gender and Racial Groups			
	Male	Female	Black		White	
	Male	Female	Male	Female	Male	Female
0	4	2	2	2	5	2
1-5	1	1	1	1	1	1
6-10	2	3	3	3	2	3
11-20	3	4	4	4	3	4
21-50	5	5	5.5	5	4	5
51-99	7	10.5	10	9.5	7	10.5
100-499	6	7.5	10	9.5	6	7.5
500-999	12	10.5	10	9.5	12	10.5
1000-4999	10.5	10.5	10	9.5	10.5	10.5
5000 or more	10.5	7.5	10	9.5	10.5	7.5
No Answers	9	10.5	5.5	9.5	9	10.5
Spearman Rank Correlation Coefficient		0.88		0.93		0.86
N		11		11		11
T-statistics		5.52		7.76		4.99
Degrees of Freedom		9		9		9
p-value		0.00		0.00		0.00

We use a Spearman rank correlation coefficient test to examine whether the full-time employment distributions for female and male business owners share a similar distribution, see Table 4.1. We follow the same steps described above. The results show that the full-time employment rank distributions are highly correlated for both male and females at the 5-percent or 1-percent level (given the p-value is lower than 0.0001). The full-time employment distributions for black male and female business owners tend to be more correlated (0.93) than that of white male and female owners (0.86).

TABLE 5: Business Revenue by Racial Group in Durham, 2018 (%)

Business Revenue	All Businesses	Black	White
\$25,000 or less	6.6	18.8	3.9
\$25,001 – \$50,000	4.5	10.9	2.8
\$50,001 – \$100,000	4.5	7.8	3.6
\$100,001 – \$250,000	8.9	15.6	7.5
\$250,001 – \$500,000	10.5	12.5	9.9
\$500,001 – \$1,000,000	10.6	7.0	11.7
\$1,000,001 – \$5,000,000	16.2	7.0	19.2
\$5,000,001 – \$10,000,000	3.6	0.8	4.3
\$10,000,001 – \$100,000,000	3.6	1.6	4.3
Unsure	16.2	7.8	17.9
No Answer	14.9	10.2	14.9
Total	100.0%	100.0%	100.0%
Number of Businesses	754	128	563

In terms of total revenue, we find that, in 2018, 37.5 percent of all black business owners made \$100,000 or less in annual business revenue while the proportion for white business owners was only 10.3 percent. At the upper end of the scale, 9.4 percent of black business owners compared with 39.5 percent of white business owners in Durham made between \$1 million and \$100 million in annual business revenue, as indicated in Table 5. Black business owners in Durham made significantly less in business revenue in 2018 than their white counterparts and were far less likely to make revenue above \$1 million, see Figure (3).

FIGURE 3. Annual Business Revenue in Durham, 2019 (%)

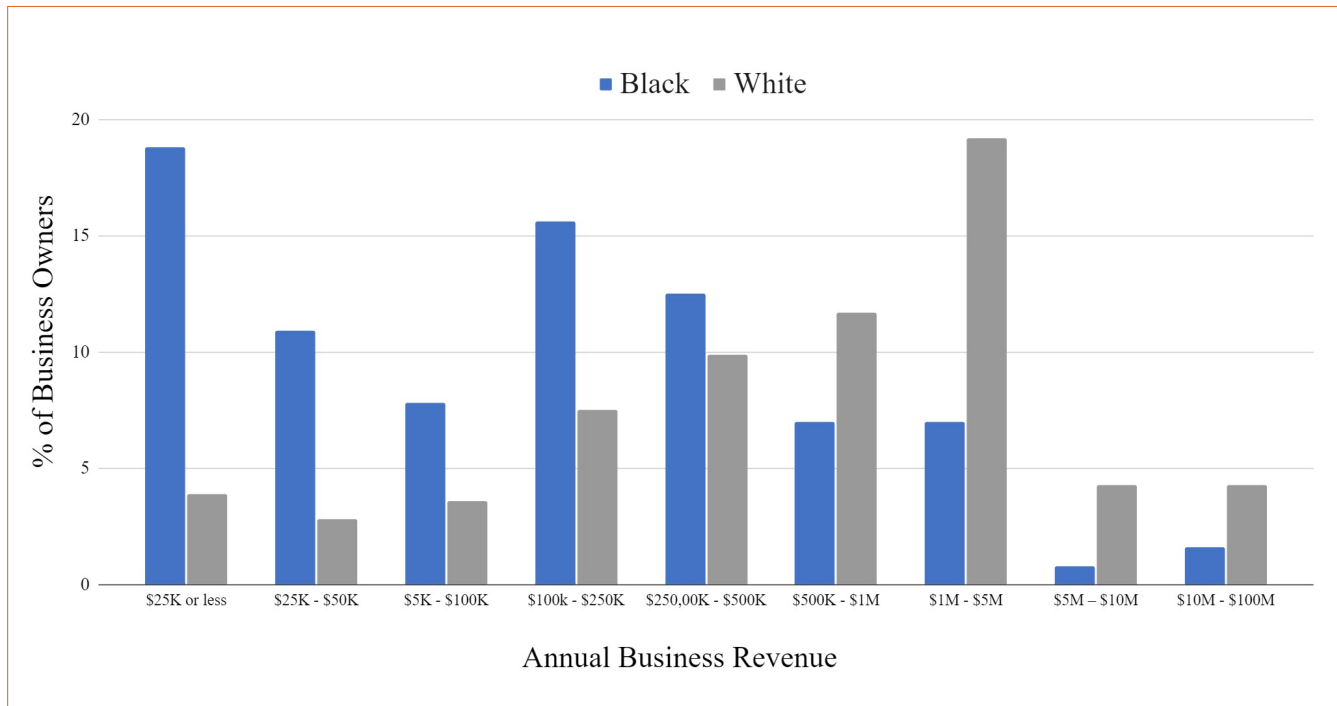


TABLE 5.1: Revenue for 2018 by Gender and Racial Groups in the City of Durham (%)

Revenue	By Gender and Racial Groups					
	All Businesses		Black		White	
	Male	Female	Male	Female	Male	Female
\$25,000 or less	4.5	11.7	15.5	21.7	2.8	7.1
\$25,001 – \$50,000	3.5	7.0	13.8	8.7	1.9	5.7
\$50,001 – \$100,000	3.5	7.0	5.2	10.1	2.8	5.7
\$100,001 – \$250,000	7.6	12.2	17.2	14.5	6.4	10.7
\$250,001 – \$500,000	10.1	11.7	15.5	10.1	9.0	12.9
\$500,001 – \$1,000,000	11.4	9.1	8.6	5.8	12.1	10.7
\$1,000,001 – \$5,000,000	17.1	14.8	6.9	7.2	18.9	20.0
\$5,000,001 – \$10,000,000	4.8	0.9	1.7	0.0	5.2	1.4
\$10,000,001 – \$100,000,000	4.5	1.7	3.4	0.0	4.7	2.9
Unsure	17.2	13.9	8.6	7.2	18.2	17.1
No Answer	15.9	10.0	3.4	14.5	18.0	5.7
Total	100%	100%	100%	100%	100%	100%
Number of Businesses	516	230	58	69	423	140

The descriptive analysis of the intersection of race and gender (Table 5.1), shows that in 2018 approximately one of every five businesses (or 21.7 percent) led by a black female business owner made less than \$25,000 in total revenue. A significantly higher representation in the lowest revenue category when compared to white

female (7.1 percent) and black male business owners (15.5 percent). At the upper end, we find that 7.2 percent of black female business owners make more than one million in revenue, compared to 12 percent for black male owners and 24.3 percent for white female owners.

TABLE 5.2: Testing Rank Distribution of Business Revenue by Racial and Gender Groups of Ownership

Revenue	All Businesses		By Gender and Racial Groups			
	Male	Female	Black		White	
	Male	Female	Male	Female	Male	Female
\$25,000 or less	8.5	4.5	2.5	1	9.5	6
\$25,001 – \$50,000	10.5	8.5	4	6	11	8
\$50,001 – \$100,000	10.5	8.5	8	4.5	9.5	8
\$100,001 – \$250,000	6	3	1	2.5	6	4.5
\$250,001 – \$500,000	5	4.5	2.5	4.5	5	3
\$500,001 – \$1,000,000	4	7	5.5	9	4	4.5
\$1,000,001 – \$5,000,000	2	1	7	7.5	1	1
\$5,000,001 – \$10,000,000	7	11	11	10.5	7	11
\$10,000,001 – \$100,000,000	8.5	10	9.5	10.5	8	10
Unsure	1	2	5.5	7.5	2	2
No Answer	3	6	9.5	2.5	3	8
Spearman Rank Correlation Coefficient		0.67		0.58		0.65
N		11		11		11
T-statistics		2.72		2.12		2.6
Degrees of Freedom		9		9		9
p-value		0.02		0.06		0.03

The Spearman rank correlation coefficient test results for the rank distribution of business revenue by racial and gender group of ownership are shown in Table 5.2. The results show that black female and male business owners do not share similar revenue rank distributions. The distributions are correlated (0.58) but not statistically significant at the 5-percent or 1-percent level (given the p-value is 0.06). This is an interesting result, given that

the distributions for all male and female owners are correlated (0.67) and statistically significant with p-value of 0.02. This indicates that revenue generation is a main source of variation in terms of gender for black business owners. The Spearman rank correlation coefficient test findings show this is not the case for white business owners.

■ Business Age: Longevity and Dynamics

According to the U.S. Bureau of Labor Statistics, about 20 percent of U.S. small businesses fail within the first year and about a third fail within the first two years. By the end of the first five years, almost 50 percent of small businesses fail. These failure rates are surprisingly consistent through time and across national geography (similar statistics are found for North Carolina).¹

As mentioned earlier, because of the difficulty of sampling businesses that already close, most business

surveys suffer from survival bias. Based on the 2019 City of Durham Business Survey, the most common age of businesses in 2019 was between 20 and 50 years, regardless of the race of the business owner. Yet, businesses owned by black entrepreneurs in Durham were generally younger than those owned by white entrepreneurs (as indicated in Table 6 and illustrated in Figure (4)).

Table 6: Business Age by Racial Group in Durham, 2019 (%)

Business Age	All Businesses	Black	White
0-2	4.9	10.2	3.4
3-5	8.4	16.4	6.4
6-10	10.9	17.2	9.9
10-20	21.5	18.8	21.5
20-50	30.6	25.0	32.5
50-100	4.1	0.8	5.3
100	1.6	0.8	2.0
No Answers	18.0	10.9	19.0
Total	100.0%	100.0%	100.0%
Number of Businesses	754	128	563

Approximately 44 percent of black business owners reported owning businesses that were ten years old or younger, while only 19.7 percent of white business owners had businesses in a similar age range. Therefore, the proportion of businesses originally established between 2009 and 2019 and owned by black business owners was roughly twice the proportion of the businesses owned by white business owners

established in the same time period. However, given that younger firms are more likely to fail, young black-owned businesses are more likely to falter. In contrast, 61.3 percent of white business owners owned firms that were 10 years of age or older as of 2019. In short, in 2019 more than half (61.3 percent) of all white business owners owned firms originally established prior to 2009.

¹ See The U.S. Bureau of Labor Statistics website on Business Employment Dynamics for national and state statistics. <https://www.bls.gov/bdm/bdmage.htm#NC>

FIGURE 4. Age of Business in Durham, 2019 (%)

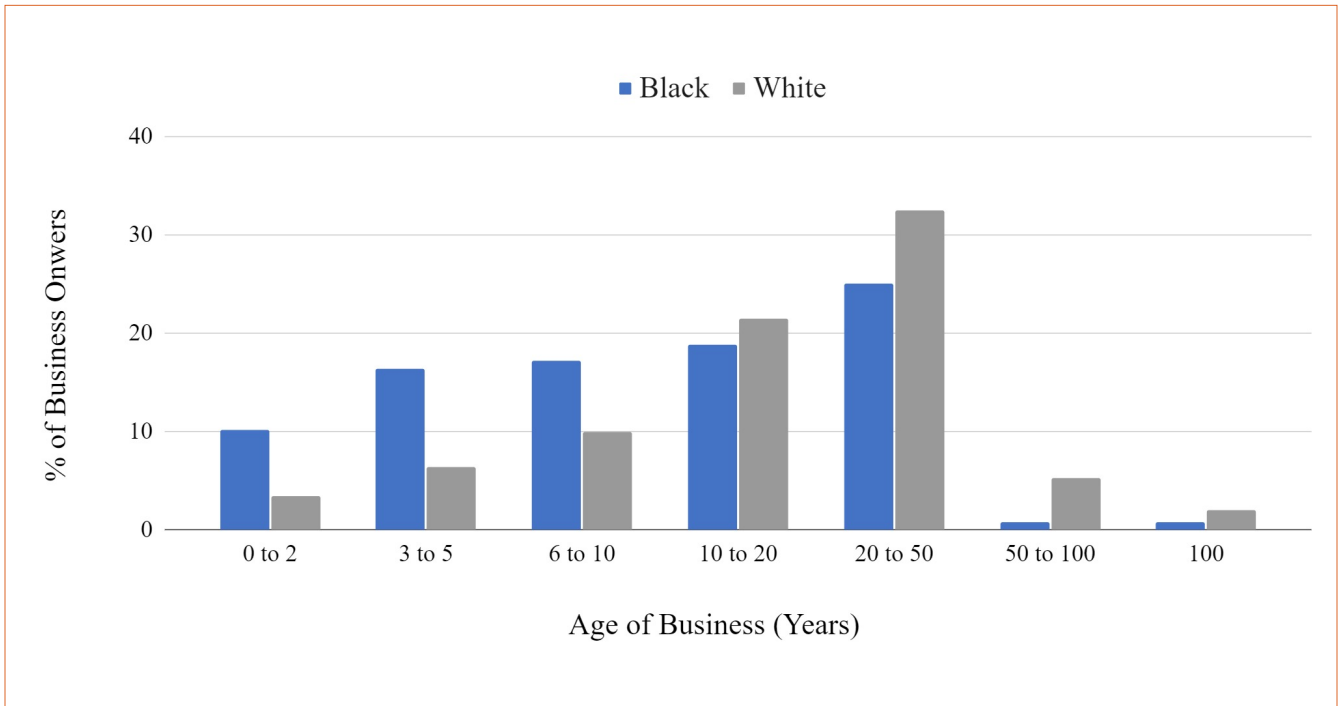


TABLE 7: Business Age by Gender and Racial Groups in the City of Durham in 2019 (%)

Business Age	By Gender and Racial Groups					
	All Businesses		Black		White	
	Male	Female	Male	Female	Male	Female
0-2	3.7	7.8	9.4	13.3	3.7	5.3
3-5	7.0	11.7	17.0	20.0	7.4	9.1
6-10	9.9	13.0	20.8	16.7	11.7	13.6
10-20	19.8	26.1	20.8	21.7	23.8	33.3
20-50	31.2	30.4	30.2	26.7	42.0	36.6
50-100	5.4	1.3	1.9	0.0	8.3	2.3
100+	1.9	0.9	0.0	1.7	3.1	0.8
No Answers	21.1	8.7	0.0	0.0	0.0	0.0
Total	100%	100%	100%	100%	100%	100%
Number of Businesses	516	230	53	60	324	132

When we look at the intersection of race and gender, we find that nearly half of all black female business owners had firms that were ten years old or younger, as of 2019 (Table 7). More specifically, we find that black women represent the group with the largest proportion of businesses that are two years or younger at 13.7%. Paradoxically, despite “legacy businesses” (businesses

with a long tenure) being the least common type of business in Durham regardless of race and gender, black women represent the group of business owners with the second largest proportion (after white male business owners) with businesses that fall into the category of a business age of 100 years or older.

■ City Contract Bids and Funding Sources

Some of the top reasons for small business failure are cash flow issues.² Hence, businesses with government contracts tend to increase their survival rate and longevity. Compared to white business owners, black business owners were less likely to have a successful bid or proposal with the City of Durham in 2019. Out of the 754 business owners in the survey, only 94 indicated they had responded to a City of Durham bid or proposal in that past year. Table 8 shows that of the 16 black

business owners that responded to a City of Durham bid or proposal, only 37.5 percent of them ended with a successful contract. White business owners who responded to a city bid or proposal, on the other hand, had a 71 percent success rate. All told, white business owners in Durham were nearly 91 percent more likely than black business owners to gain a contract for their businesses.

TABLE 8: Successful City Contracts by Racial Group in Durham, 2019 (%)

Success of Bid or Proposal	All Businesses	Black	White
Yes	64.9	37.5	71.6
No	35.1	62.5	28.4
Number of Businesses	94	16	67

Compared to their white counterparts, black business owners were more likely to receive business funding in 2019 from government grants, personal savings belonging to the business owner, personal loans from family members or friends, and credit cards. However, when it came to tapping into personal home equity loans and business loans from a bank or financial institution, black business owners were less likely to use that as a source.

As Table 9 shows, 11.1 percent of all white business owners in Durham in 2019 received business loans from a bank or financial institution while 8.3 percent of black business owners received funding from the same sources. Conversely, compared to their white counterparts, black business owners were approximately twice as likely to use their personal savings or receive personal loans from family members or friends as business funding sources, further highlighting the financial-services gap in the black business community in Durham and supporting the idea that black business owners are largely undercapitalized.

² See <https://www.nav.com/small-business-statistics/>

TABLE 9: Credit and Funding Sources by Racial Group in Durham, 2019 (% , multiple answers allowed)

Funding Sources	All Businesses	Black	White
Personal savings of owner	15.4	23.8	13.1
Personal loans from family/friend(s)	2.6	3.9	1.8
Personal home equity loan	2.5	1.5	2.6
Credit cards	13.4	15.5	12.3
Business loan from a bank or financial institution	10.2	8.3	11.1
Business profits and/or assets/working capital	31.3	29.6	32.9
Asset backed loans	2.0	1.5	2.2
Government grants/funding	2.4	3.4	2.4
Equity financing/venture capital	1.6	0.5	2.0
Don't know	18.6	12.1	19.7
Total	100.0%	100.0%	100.0%
Number of Responses	1292	223	962

As displayed in Table 10, survey respondents were also asked to identify barriers to their businesses' profitability in 2019. Respondents could elect multiple responses. Regardless of race, the most common barrier to a business' profitability was the "high cost of doing business." While only 2.2 percent of white business owners in Durham indicated that having access to credit was a barrier, 10.8 percent of black business owners identified that as an obstacle to profitability.

TABLE 10: Barriers to Profitability by Racial Group in Durham, 2019 (% , multiple answers allowed)

Barriers	All Businesses	Black	White
Government regulations	7.2	5.8	7.1
Taxes	12.0	11.7	12.0
Access to credit	4.3	10.8	2.2
Paying off debt	8.5	10.3	8.1
High costs of doing business	16.3	19.7	15.4
Access to markets	3.9	5.8	3.4
Costs of goods sold	5.4	4.0	6.0
Hiring/retaining qualified staff	16.1	12.1	17.1
Other	26.2	19.7	28.8
Total	100.0%	100.0%	100.0%
Number of Responses	1202	223	865

■ Unpacking the Impact of COVID-19 on Black-Owned Businesses in Durham

The primary purpose of this part of the study is to explore the experiences of Durham's black business owners in the midst of the COVID-19 pandemic. Using supporting evidence from semi-structured in-depth interviews and a short questionnaire, this section describes how COVID-19 has shaped the business experience from the perspective of eight black business owners and two black CEOs in Durham to present a set of 10 cases. Four categories emerged from these

data: (1) Infrastructural, Operational, and Technological Experiences, (2) Psychological Experiences, (3) Social Experiences, and (4) Funding Experiences. These categories are presented in Sections 4.1, 4.2, 4.3, and 4.4, respectively. The participants' stories reveal common patterns across their experiences, despite belonging to different business industries, business types, business size categories, and gender identities.

4.1 Infrastructural, Operational, and Technological Experiences: A Changing Landscape

Directly preceding the state's declaration of a state of emergency on March 10, 2020, North Carolina had the sixth highest number of black business owners per-state in the country (Mills & Battisto, 2020, pp. 7-8). Between February and June 2020, the state experienced a net-decline in active black business ownership rate: the number of active black business owners fell 37.2% from February to May 2020, and then rose 30.5% from May 20th to June (Mills & Battisto, 2020, p. 8).

While reflecting on the impact of the COVID-19 pandemic on their business operations, participants revealed that they underwent common operational shifts as required by North Carolina's Executive Orders. Participants either closed their active locations, redefined the nature of their workspaces, or gave up on their plans of opening up a physical location altogether. One owner of a business in the arts and entertainment industry that relies on "bringing people together" reported being shut down for over a year after the initial state of emergency. Similarly, a woman business owner in the medical industry stated that her practice had "closed down for two months."

One woman business owner in the field of spiritual healing experienced a setback in her plans to sign a lease for a physical store location: *"I had this vision for my business to go one way, and, literally a couple of days before I was supposed to sign the lease, everything shut down."* She described her work as *"very front-facing"* with clients that *"prefer that personal interaction."* Societal attempts to prevent the spread of COVID-19 forced her to *"get creative in how [they] service people"* through online workshops.

Mass-gathering restrictions and social-distancing requirements presented barriers to business operations, shifted the physical landscape of business ownership, and changed the trajectory of business plans. On March 14, 2020, K-12 closed schools statewide. One set of business owners in the food service industry found themselves integrating their workspace into a setting that would allow them to watch over their own children: *"If you want to work, bring your kid...that space is for our kids."* They acknowledged that *"many people in [their] industry cannot afford childcare."* As a mother herself, one participant acknowledged that she had to be considerate of concerns that her all-women staff had with school closures and the unexpected demand for schooling to take place at home. These factors encouraged her to be more empathetic towards her employees' challenges and moved her to adjust their work schedules. This example illustrates that business owners became more flexible with their workspace and work hours in response to the pandemic.

Business owners also said that they implemented increased safety precautions to make themselves, their employees, and their customers feel safe. These safety measures (and the efforts needed to ensure them) figured largely in the operational and technological changes that business owners navigated during the pandemic. A wife and husband of a business in the food-services industry stated the following was true about their increased use of masks and gloves during the pandemic: *"They were such a show that we were handling food with [care]. It helps appeal to the public."*

One business owner reflected on how the media's emphasis on staying home clashed with his general business aims and drove him to make systematic adjustments: *"The media is telling everybody to 'stay inside, stay inside, don't go outside.' And we need people to come outside to support us..."* This owner adopted new kinds of protocols, policies, and procedures which integrated Personal Protective Equipment (PPE) into daily operations. The rising demand for precautions, shifting safety norms, and new business compliance standards at the onset of the pandemic drastically shifted the landscape of business ownership for business leaders in Durham.

In addition to safety adjustments, many participants acknowledged that adapting to virtual service delivery added labor burdens for them as owners. A business owner in the educational services industry stated that the following was true of her experience: *"The virtual learning is something that really almost took me out."* Another business owner in the food services industry commented: *"So now you've got to teach maybe an older generation. How do they order food online?...Now you have a learning curve. Now you have to re-teach people how to get your product and to know that you're available."*

Indeed, another participant emphasized the challenges they faced having an elderly customer base when it came to navigating Zoom meetings. With new platforms to consider, this business owner revealed that he believed he now had the added responsibility of educating his customers. Conversely, technology in some cases interfaced with customer-age to enable respondents to more adequately meet the needs of their patrons. As one medical provider said: *"people [are able to send] in photos when they don't feel safe coming in, particularly some of the seniors."*

One business leader of a financial firm understood online presence during the pandemic as central to the firm's prosperity. He reported that his firm offered digital products, online appointments, and electronic banking

services, to the point where their firm saw a *"30 to 35% increase in the utilization of online mobile banking...and electronic banking services."* Yet, he also recognized that digital and online tools present *"a tale of two cities"* due to varying technological capabilities to provide online services across businesses.

One of the biggest challenges to black-owned businesses that emerged during the in-depth qualitative interviews was *"stay[ing] on top of all the information"* useful for coping with the pandemic. New information on laws, opportunities, regulations, and norms presented a labor burden on owners. Business owners reported the urgency of having to keep up with rapidly changing information, particularly in light of the *"first-come, first-served"* nature of many government programs and forms of funding support (Humphries et al., 2020). Respondents, in some cases, reported being met with an overabundance of information in the form of *"webinars and seminars,"* and reflected on the near impossibility of utilizing these resources amidst trying to *"grow and maintain a business" while "still trying to be a wife and a mother and keep the house clean and do laundry..."*

In nearly all cases, business owners viewed information-sharing with industry peers as a crucial part of managing this potential information overload and to sustaining their business. Owners created GroupMe chats, participated in Clubhouse chat rooms, and consistently engaged in verbal conversation with others in their respective industries to remain informed.

One business owner in the real estate industry compared information-sharing to the notion of catching the rhythm of a particular wave: *"As long as you can grab that information as it is coming in and the information is moving, then I think you can catch the wave."* Business owners revealed that these practices were critical in helping them develop cutting edge infrastructural, operational, and technological adaptations amidst the COVID-19 pandemic.

4.2 Psychological Experiences

While sharing their perspectives on COVID-19-related shifts, participants revealed that many mental and emotional factors affected their own experiences, the experiences of their employees, and the experiences of their customers. One family owned business in the food-services industry described feeling *"battle-hardened."* Other words and phrases participants used included *"being in the trenches together"* while reflecting upon

what it was like for business owners required to interface with customers during the pandemic.

The use of military metaphors in their language demonstrates the potential mental-emotional experience of operating a business during a crisis, particularly given 1) the financial and psychological costs associated with possible business closure and

2) operating a business during a time in which civilian death, especially that of minoritized “frontline” workers, has been normalized as inevitable (Kroeger & Wright, 2021; Mills & Battisto, 2020; Off et al., 2021).

“Survivalist” language permeated participant responses and was marked by possible acceptance that the shock of COVID-19—as an emergency and disruption literally to business-as-usual—was simply the world in which we now live. In tandem with the military metaphors used by business owners to describe their experiences, the survivalism of business owners betrayed a pattern of planning for hardship as crucial to a firm’s continuity: *“You need emergency funds. And I don’t necessarily know if you can always plan for any emergency, but you have to think that way. It has to be your thought process that you prepare.”*

The psychological experience of continually anticipating future disruption reveals the “life-or-death” mindset of some entrepreneurs in relation to their businesses: *“Right now, I think the mentality is just as long as we stay open...”* This constant state of planning for hardship dually connects with literature on the pressure embodied in allostatic load burdens and provides insight into the landscape of business owners’ psychological experiences and stressors while dealing with the pandemic (Duru et al., 2012).

Fear of business closure, or that others are heavily dependent on you (such as employees, family members, or customers), took center stage in the majority of respondent reflections. COVID-19 joined other socio-political issues—including immigration policies and the high cost of child care—in contributing to owners’ fear, particularly in regard to the experiences of their employees: *“I’ve actually got an employee who is seeking her citizenship... but still at any time she can get taken away, you know? And so the fear that is present is real.”* Continually planning for emergencies infiltrated owners’ thoughts and delineated their mode of operation throughout the pandemic: *“Our mantra is ‘What will befall us today?’... There’s a huge amount of pressure to not fall on our face.”*

Furthermore, many participants emphasized that they are more than just business owners; they are people with personal needs not too different from the average person navigating life during a pandemic. One participant, who had recently undergone surgery, stated she had to be “doubly careful” during COVID-19 because her *“immune system is not the best.”* Business owners’ personal well-being was shaped not only by attempts to guarantee their own physical and emotional

safety, but also that of their employees, families, and other communities—all while striving to ensure the success and continued viability of their business.

The inability of one business owner to see clients in-person due to the COVID-19 pandemic motivated her to introduce virtual community workshops. However, this innovation in-service of their community eventually came at the detriment of her own personal and financial well-being: *“It impacted me financially, obviously, because I went from making revenue from my business at the time to basically everything just being donation based... [but] I wanted to try to offer up some type of comfort to the community. I think I did that until about July [2020], then I stopped the community-based workshops because I had to start dealing with my own self-care...”* Business owners, just as everyday people navigating the pandemic, were not immune to COVID-19’s far-reaching effects in the form of active COVID cases and death: *“I’ve lost family members. I’ve lost friends because of this pandemic”* (Mills & Battisto, 2020, p. 8; Richardson et al., 2021).

Despite these challenges and widespread loss, participants revealed that they did not let these difficult experiences hold them back from continuing on, both as business owners and as people. One participant stated, *“we don’t dwell, we just move on,”* while another similarly shared, *“I don’t like to dwell. I’ve learned not to dwell.”* The ways in which business owners dealt with the psychological effects of COVID-19 in multiple cases interlaced with their faith, religion, spirituality, and overall life’s journey as entrepreneurs: *“I believe in God a great deal, so I really use that. It has been my strength during this time to push me and give me the innovation and everything that I need to do to even survive.”*

The owners of a family owned firm provided similar insight into their ability to continue and ultimately survive during the pandemic: *“growing up poor, growing up disadvantaged, you learn different survival techniques...we believe that God has us on this path for a reason, and so everything that’s meant for us will be for us. If it’s not meant for us, we accept and pray to move it aside.”* Business owners across industries and firm sizes expressed gratitude for support they received in varied forms, often noting reception of support was “not the experience across the board,” particularly for black-owned businesses.

This reverence for support during the pandemic, whether from customers or other firms, further illustrates the potential psychological impacts of seeing other firms around you fail. This is a real fear, significantly shaping

owner-behavior during the pandemic and beyond it: “That is my biggest fear when it comes to businesses in Durham, you see so many changing and shutting down during this pandemic.” Business closures across industries dually governed the mental and emotional

4.3 Social Experiences

Participants acknowledged that their business experiences during the COVID-19 pandemic were governed by the landscape of their social interactions and systems of social support. The term social capital is defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet & Ghoshal, 1998, p. 243). In relation to economic behavior, social capital is known to lower transaction costs, insure against risk, increase cooperation, and subordinate self-interest to society (Baker, 2000). In relation to business behaviors, social capital can facilitate avenues for business information, business mentorship, and business funding. Structural social capital (formal and informal relationships and networks) can bond business owners through horizontal ties. It also can bridge relationships between entrepreneurs and other financial, institutional, and legal actors through vertical ties in a wider network.

Past studies indicate that traditional and nontraditional forms of social capital historically have promoted economic outcomes for black Americans. The stories told by these black business owners illustrate that their social ties have helped secure benefits for their firms.

Many of the business owners' perspectives and experiences shed light on the circumstances that permitted greater access to communal support, business education, and avenues for funding (Cook, 2011). One owner noted that it is not enough to be a part of a business network: “...not just a network, but relationships with people that you can call and say, ‘Okay. Can you get someone to help us with that?’” In fact, one business owner and her partner stated she believed that the durability of their business relationships contributed to their business growth: “I think that a lot of black-owned businesses don’t grow because they do not have the relationships that we had.”

One business-owner respondent recognized the importance of having a secure “kitchen-cabinet of resources (a banker, a financial adviser, an accountant, a lawyer, an estate plan person, a business adviser)” to tap into whenever one runs into a challenge that

experiences of respondents. As one participant in the agricultural industry said when considering COVID’s potential impact on the already low number of black-owned firms: “[knowing] it’s a fading industry, that’s what hurts a lot too...”

threatens business failure. Business owners said that they were members of the Greater Durham Chamber of Commerce, the “Discover Durham” network, and Durham’s “Legacy Business” program.

They believe these kinds of formal networks make up the business-coaching context that enables them to share information and bounce ideas off their peers. In short, these networks bond business owners with other business owners. Many participants reported benefiting from being in a locality where it is common to see “businesses helping other businesses.” Furthermore, the business owners also recognized several informal actors and figures in the City of Durham that gave them access to social support. These informal assets (while intangible) facilitated their ability to navigate the pandemic, shaped the nature of their business-related interactions, and bridged the gap between the individual business owner and the broader Durham community.

One set of business owners in the food services industry told how they leveraged their university contacts from Duke University to step in and do the “hard work” of feeding medical staff and students in the earlier months of the pandemic. Another set of business owners from a family owned business in the same industry said the “local distillery [stepped] in to fill the gap” by providing PPE resources such as masks, hand sanitizer, and gloves. They also expressed their appreciation for having bridged ties with the American Tobacco Campus, Enterprise Community Partners, and the Capitol Broadcasting Company.

Similarly, business owners also reported how they fostered partnerships with local event promoters, the Food Bank of North Carolina, and other local organizations within the Durham community. As a newer business owner in Durham, one entrepreneur described the support she received as phenomenal and “extremely encouraging”: “I had a reporter from WRAL at Christmas time reach out to me and say, ‘Hey – you need to put yourself on this Christmas list.’” She recognized that her social experience was unique to the story of business-ownership in Durham and contrasted with her business experience elsewhere: “Since moving here to North

Carolina, particularly Durham, I've had so much support from other business owners that it's just overwhelming. I mean, to support the business community here, the small-business community here, the black-business community, the minority women. Everyone has just been extremely helpful. It's way different than it is

in Baltimore. There it's kind of like you hoard your resources, you know, no one wants to share too much." For these business owners, Durham provided a business experience that was rooted in the community and social capital that helped them survive during the pandemic.

4.4 Funding Issues

The business experiences of participants during the COVID-19 pandemic were overwhelmingly shaped by the process of seeking funding support. As previously noted, mandated closures and restrictions in North Carolina bore the potential to decimate normal revenue streams for businesses owners and to impact owners' ability to meet usual expenses such as payroll, rent, mortgages, and utilities (Atkins et al., 2021). As one respondent in the food services industry commented, the sudden cancellation of university athletics contracts and other large public gatherings had a sudden and significant impact on firm revenue: "In one week, we lost 95% of our revenue projected for 2021."

The onset of COVID-19 in March 2020 meant significant changes to staffing for the majority of respondent-firms with employees: "We closed down for two months so employees had to be furloughed... Personally, I experienced a lot of stress because I didn't know what we were going to do and what my employees were going to do." Another owner shared that staff had to be terminated "during the [pandemic's] first wave...just to cut down on payroll and costs."

Owners of employee-firms expressed camaraderie with staff members they were required to furlough or lay off during the initial stages of the pandemic due to revenue loss initiated by COVID. Owners prioritized continued communication with and assistance to their former employees while seeking funding-support to reinstate former employees and enable them to survive the crisis.

The concern business owners felt for their employees' well-being, as well as the potential psychological effects owners felt while making staffing changes during the pandemic, are evident in the reflections of one family owned firm: "That's a conversation I also have with my staff, like don't feel embarrassed because you need to fill your pantry, go to the food bank... there's nothing wrong with asking for help." Another owner expressed similar concern for her furloughed employees amidst the crisis: "We were having difficulty with unemployment at that time. People couldn't get through. You couldn't get through on the lines to even get your call answered...So

we contacted [someone] and she gave me the [direct] contact-people. She said, 'Try this person, they can try to work around that for you...'."

Connections and networks (specifically outside of more formalized avenues) were key to receiving funding-support during the pandemic. For one black woman business owner in the medical field, a decades-long, seemingly positive relationship with a bank and multiple highly successful firms did not translate into her initially receiving the first round of PPP: "I got the impression that [with this bank], and probably with a lot of banking institutions, that there's a good old boy system... sort of the good old boys helping out [their] friends and neighbors. So in that sense, I wasn't surprised, but I was definitely disappointed, but I'm not ever surprised about these kinds of things." This experience connects with other women-owners experiences nationally and research from the Federal Reserve System's Small Business Credit Survey in which black women business owners report being less-likely to receive some or all of the financing they requested (Sheng, 2020).

With a similar emphasis on racialized networks and informal information sharing, one family owned firm did not receive a loan with their bank at the time; however, they were connected with another lending institution with which they had not previously done business through their white landlords. These findings complicate existing research which suggests "banks may be using the Paycheck Protection Program [PPP] to ensure that their borrowers survive the crises" and that "banks had incentives to prioritize borrowers with whom they had existing relationships" (Atkins et al., 2021, pp. 8-10; Cororaton & Rosen, 2020; Li et al., 2020). Moreover, the experience of one participant initially denied a PPP loan with her long-time bank (required to address this loan denial repeatedly with bankers through in-person meetings) speaks to the long history of structural discrimination, amplified under the pandemic (Laster Pirtle & Wright, 2021).

As previously noted, when examining Durham’s business ecosystem pre-COVID, 8.3% of black-owned businesses received business loans from a bank or financial institution in 2019 while 11.1% of white-owned businesses received funding from the same sources (City of Durham, 2019, p. 31). Still, many firms sampled for the qualitative portion of the study eventually received the first and/or second round of funding through PPP—enabling them to reinstate furloughed employees, “stay afloat,” or even grow their business during the pandemic. And many did not.

Multiple owners said they did not apply for funding support from the federal or city government during COVID-19 out of a reticence to take on debt. One owner explained: “You’re thinking: [do] I want to go into debt to make my business advance? I don’t want to get all these loans.” Other owners cited application criteria required to receive government funding-support did not reflect their holistic business experiences during the pandemic, resulting in their inability to secure funding: “For the second round of PPP, we were ineligible because we did not show a loss. They don’t care... Instead of looking at profit-loss, they’re looking at revenue. Our expenses grew. They’re not looking at our expenses.”

Many business owners characterized the pandemic as having been marked by a scarcity of funds, and they recognized this posed barriers to their financial endeavors: “It was a full-time job just attending all of the Zoom calls with a lot of information... By the time I sat down at 11 at night to even begin to start the application process, the money was gone” (Humphries et al., 2020). Another owner said: “I wish I could find some grants, but I don’t have the time or energy to do that.”

Combined with the centrality of informal information networks in securing funding-support, (as seen in the examples of the firm owner required to locate a contact person for their furloughed employees to reach the unemployment office or the owner required to meet with their long-time bank after not receiving the first wave of PPP), extra time required of black business owners to secure basic funding resources through the CARES act and other legislative actions, the entire PPP process raises questions with respect to time as a scarce, racialized resource and the role of organizations in literally stealing time from black people (Humphries et al., 2020; Kwate, 2017; Ray, 2019).

Existing research has explored similar phenomena at the intersection of financial institutions and time as a scarce, racialized resource. Black testers in a matched-pair study were told they would need to physically travel to the bank before receiving information about products when

calling financial institutions, while white testers were given specific information about a line of credit and loans via the phone (Lederer & Oros, 2020, p.10). Furthermore, existing relationships with lending institutions do not seem to migrate these effects for black business owners in Durham based on findings from the in-depth, qualitative interviews (Atkins et al., 2021).

Business owners highlighted the pandemic’s impact on their personal finances as well. One family owned firm’s owners said: “The sales that we[during the pandemic] covered payroll and nothing else...[that was] a major detriment to our own personal finances.” The perceived or legitimate scarcity of funding-support through the CARES act and other legislative action, as well as private-sector interventions, likewise drove business owners to pull from their personal savings: “Everything that I did has been pretty much self-funded by my bank accounts.”

Business owners understood their ability to readily access capital during the pandemic as inherently tied to their informal social networks, including familial connections: “If you were white or had another race, you might have access to more capital or more funding... You might have access to a network that might not be associated with a bank so much as family members or people that they know that have capital. We want to be in a better situation where, you know, somebody could loan you \$100,000 or somebody could loan you \$200,000, but it’s just not that easy.”

As previously discussed, black-owned businesses in Durham were the most likely to receive business funding from personal savings belonging to the business owner and from family and friends in 2019; however, when it came to tapping into personal home equity loans, black-owned businesses were the least likely to use that as a source (City of Durham, 2019, p. 78).

Black owners indicated a preference for public and private-sector interventions during the pandemic which enabled them to reduce their debt, whether indirectly or directly. Business owners appreciated and promoted reciprocal, business-level interventions which allowed firms across and within industries to support each other financially throughout the COVID crisis. Examples of these intra-business interventions included a statewide corporation purchasing gift cards for their employees for a black-owned Durham-based restaurant such that the owners received the money up-front during the pandemic’s first wave but could honor these vouchers in exchange for food service as individual employees decided to redeem them.

As the firm owners reported: “[The gift card program] allowed us to move forward. It felt like a community thing... These employees have been coming in with their families and buying food. It's a two-fold win because these are people that live in the community that maybe knew nothing about us but they're coming in, having the food, enjoying it, and then coming back... and you don't feel like it was just a hand-out because people are coming in and giving us a chance to have repeat customers.”

The financial experience of one woman business owner during COVID was likewise shaped by the communal support she experienced in Clubhouse chat rooms, with other educational business owners locally and nationally promoting her business via their own firms' social media channels.

■ 5.0 The Paycheck Protection Program

The U.S. government implemented different market interventions during COVID to support the economy. One of these interventions was the Paycheck Protection Program (PPP), targeting small businesses (with 500 employees or fewer) to help them keep their employees on their payroll. PPP funds also could be used for other operating expenses such as mortgage interest, rent, and utilities. The PPP loans come with one percent interest rates and borrowers may be eligible for full PPP loan forgiveness by SBA if the borrowers maintain current employee and compensation levels for at least 8-24 weeks after funds disbursement, the funds are spent on qualifying payroll costs and expenses, and at least 60 percent of the proceeds are spent on payroll. The U.S. Small Business Administration used local banks to allocate the loans on a first come, first served basis.

Based on the U.S. Small Business Administration's PPP loan database, the city of Durham received a total of 4,582 PPP loans that were disbursed (as of March 2021), with an average of 12 reported employees per loan (see Table 11). The number of PPP loans suggests that roughly 60-65 percent of the approximately 7,600 establishments in Durham County received PPP loans, directly impacting the local economy.

According to the American Community Survey, the city of Durham is a vibrant city; approximately 50 percent of the population has a bachelor's degree or higher,

and the median income is \$60,000. In addition, the city population has a median age of 34, and females represent 53 percent of the population (see Table 11). Hence, it is not surprising that 41 percent of PPP borrowers were corporations, a proportion which is significantly higher than the 29 percent found at the national level (Atkins et al., 2021).

While PPP loans were meant to help small businesses stay afloat during the pandemic, many small business owners faced difficulties when trying to obtain PPP loans due to the limited amount of funds, the procedure for fund distribution, and which businesses were prioritized for receipt of the fund. For example, there were glitches the first few days in the SBA portal used for banks to disclose their PPP loans (Fox and Herb, 2020). Additionally, banks were supposed to allocate these funds on a “first come, first served” basis, but some large banks such as Bank of America, Wells Fargo, and JPMorgan Chase, and U.S. Bank were sued and accused of front-loading applications with higher loan amounts since it meant bigger fees for the banks (Egan, 2020). Also, banks were accused of giving priority to current or past clients including distributing loans to publicly traded firms such as Potbelly Sandwich Shop, Shake Shack, and Ruth's Chris Steakhouses (Egan, 2020).

TABLE 11: Average Paycheck Protection Program Loan Data in the City of Durham

	Mean	Std Dev
Loan Amounts	107609.49	363665.48
ln(Loan Amounts)	10.33	1.51
Jobs Reported	11.97	29.58
Race Unanswered	0.89	0.31
White Owner	0.06	0.23
Black Owner	0.03	0.17
Hispanic Owner	0.01	0.09
Asian Owner	0.02	0.14
Native American Owner	0.00	0.04
Veteran Unanswered	0.83	0.38
Veteran Owner	0.01	0.11
Gender Unanswered	0.79	0.40
Male Owner	0.14	0.34
Female Owner	0.07	0.26
Corporation	0.41	0.49
Median Age (Zip Code)	34.43	2.94
Female % (Zip Code)	52.61	0.98
Median Income (Zip Code)	60027.59	17537.74
Bachelor or Higher % (Zip Code)	48.86	10.42
Observations	4582	

Another issue with the PPP loans that different news outlets and academic scholars immediately highlighted was the disproportionate distributions of the funds favoring white business owners (Atkins, Cook, and Seamans, 2021). According to the SBA Paycheck Protection Program loan data, approximately 75 percent of all PPP loans at the national level did not include any demographic information such as race and gender of the borrower.

Atkins, Cook, and Seamans (2021) find that 90 percent of all PPP borrowers did not report their race at the national level. We see a similar percentage for the city of Durham—89 percent of PPP borrowers did not say their race. Additionally, we find that a high number of Durham borrowers do not report their gender or veteran status as well, 79 percent and 83 percent, respectively. Consequently, we find that only 6 percent of borrowers identified themselves as whites, 3 percent as blacks, 1 percent as Hispanics, 2 percent as Asian, 1 percent as veterans, 14 percent as males, and 7 percent as females (see Table 11).

Table 12 compares the entire sample of Durham PPP loans to the subsamples of unreported race, self-reported blacks, and self-reported whites. One important takeaway is that borrowers that did not report their races tend to have received higher average PPP loan amounts (\$111,281 versus \$107,609 for the total sample). This suggests that borrowers anticipate that self-reporting race carries a penalty given the pre-existing racial biases in the financial service industries (Blanchard, Zhao, and Yinger, 2008; Blanchflower, Leiving, and Zimmerman;

2003; Cavalluzz and Cavalluzzo; 1998; Fairlie, Robb, and Robinson; 2020). For small business loan recipients in Durham who did indicate information on their race, we find that black PPP borrowers in Durham received an average of \$25,598, which is less than any other group (U.S. Treasury, August 2020). This amount represents only about one-fourth of the amount received by self-reported whites (\$103,300) and the unreported race borrowers (\$112,281), see Table 12.

TABLE 12: Average Paycheck Protection Loan Amount by Racial Group in Durham, 2020

Variables\Ethnicity	All	Race Unreported	Black	White
Loan Amounts	107609.49	111280.74	25597.58	103300.32
Jobs Reported	11.97	12.15	5.31	12.72
Loan Amount/Jobs	9017.12	9060.51	7753.88	9823.29
Veteran Owner	0.01	0.01	0.05	0.09
Female Owner	0.07	0.04	0.44	0.30
Corporation	0.41	0.42	0.18	0.37
Observations	4582	4096	131	261

Although the number of jobs reported tends to be 2.4 times larger for white business owners than for black owners, the findings still show a racial funding gap when comparing the average loan amount per job reported, with black owners receiving \$7,754 versus \$9,824 per job for white owners. In terms of gender, the findings show that 44 percent of self-reported black owners

were females, a significantly higher percentage than self-reported white females (30 percent) and females in the unreported race subsample (4 percent). Moreover, 5 percent of self-reported black owners are veterans compared to 9 percent of white owners and 1 percent of the unreported race subsample (see Table 12).

TABLE 13: PPP Loans by Racial Groups in the City of Durham in 2020

Loan Amounts (\$000s)	All Businesses	Black	White
<2	122	5	6
2-5	387	18	16
6-10	544	28	25
10-20	827	33	33
20-50	1012	31	62
50-100	671	10	54
100-150	326	3	21
150-1,000	624	3	41
1,000+	69	0	3
Total	4582	131	261

Table 13 compares the PPP loan amount distribution for self-reported black and white borrowers in Durham. The findings show that 63 percent of all Durham PPP loans were for less than \$50,000. However, 88 percent of PPP loans disbursed to black owners were for less than \$50,000. While for whites, that percentage was only 54 percent. This further indicates that Durham’s black-owned businesses received smaller loan amounts. When we look at the PPP loan amount distribution at the intersection of race and gender (see Table 14), 84 percent of the loans allocated to black females had amounts lower than \$50,000 while, for white females, it was 66 percent.

TABLE 14: PPP Loans by Gender and Racial Groups in the City of Durham in 2020

Loan Amounts (\$000s)	All Businesses		Black		White	
	Male	Female	Male	Female	Male	Female
<2	11	6	3	0	1	3
2-5	28	34	8	7	5	7
6-10	49	34	4	12	12	6
10-20	86	69	9	19	13	17
20-50	146	75	15	10	38	19
50-100	121	47	4	5	36	11
100-150	68	20	1	2	15	5
150-1,000	103	37	1	2	29	11
1,000+	10	0	0	0	2	0
Total	622	322	45	57	151	79

Table 15 represents the number of jobs distribution for all businesses and black- and white-owned businesses. The table shows that the allocation for black-owned companies tends to have lower numbers of jobs reported, with 76 percent of black borrowers reporting 1-5 jobs. Only 57 percent and 55 percent of all borrowers

and white borrowers, respectively, report having 1-5 jobs. Similarly, Table 16 indicates that for self-reported male-owned and female-owned businesses, the most common loan recipient group was for businesses with 1 to 5 jobs, 46 percent and 58 percent, respectively.

TABLE 15: PPP Loans by Number of Jobs and Racial Groups in the City of Durham

Number of Jobs	All Businesses	Black	White
1-5	2627	100	143
6-10	761	15	32
11-20	571	11	39
21-50	446	4	38
51-99	110	0	6
100+	67	1	3
Total	4582	131	261

TABLE 16: PPP Loans by Gender and Racial Groups in the City of Durham

Number of Jobs	All Businesses		Black		White	
	Male	Female	Male	Female	Male	Female
1-5	285	188	33	41	74	47
6-10	125	47	5	9	17	10
11-20	85	50	4	5	26	12
21-50	99	28	2	2	28	8
51-99	17	8	0	0	4	2
100+	11	1	1	0	2	0
Total	622	322	45	57	151	79

5.1. Self-Reporting Race and Quantifying the Racial Disparity in PPP Loans

Our descriptive analysis in Table 17 shows that the sample characteristics for both the unreported and the reported race subsamples are statistically different. As we pointed out before, we find that those that provided their race received on average \$34,612 less, an amount that is significant both in magnitude and statistically. The number of jobs reported is lower for the race-reported group, but the difference is not statistically significant.

However, we find that if a borrower self-reports her race, she is less likely to leave her veteran status and gender questions unanswered. Additionally, we find reported race samples are less likely to be a corporation (35 percent versus 42 percent), and the difference is statistically significant. We find no statistically significant difference in terms of the location (borrower's zip code) characteristics such as median age, female percentage, median income, and education at the zip code level.

TABLE 17: PPP Loans: Unreported vs. Reported Race

	Unreported Race		Reported Race		Difference	t-stat
	mean	sd	mean	sd	b	t
Loan Amounts	111280.74	379035.51	76668.29	187267.21	-34612.44***	(-3.34)
Jobs Reported	12.15	30.46	10.40	20.60	-1.76	(-1.68)
Veteran Unanswered	0.89	0.31	0.26	0.44	-0.64***	(-31.35)
Veteran Owner	0.01	0.08	0.07	0.25	0.06***	(5.27)
Gender Unanswered	0.87	0.34	0.15	0.36	-0.72***	(-42.59)
Male Owner	0.09	0.29	0.51	0.50	0.42***	(18.31)
Female Owner	0.04	0.19	0.34	0.47	0.30***	(13.79)
Corporation	0.42	0.49	0.35	0.48	-0.07**	(-3.19)
Median Age (Zip Code)	34.42	2.95	34.50	2.83	0.07	(0.55)
Female % (Zip Code)	52.60	0.99	52.67	0.88	0.07	(1.59)
Median Income (Zip Code)	60017.96	17596.85	60108.30	17052.01	90.35	(0.11)
Bachelor or Higher % (Zip Code)	48.87	10.38	48.79	10.75	-0.08	(-0.15)
Observations	4096		486		4582	

The results in Table 17 highlight the selection issue of self-reporting the borrower’s race. Literature on financial services has shown that the relationship between the bank branches and borrowers matters in obtaining good terms on loans. Given that the interest rates for PPP loans are set at 1 percent by the federal government, bank branches exercise their knowledge or biases through increasing or decreasing the approved PPP loan amounts. From a borrower’s perspective, marginalized racial communities tend to be penalized when it comes to loan terms. Hence, borrowers from such communities would refuse to self-report their race if they believe doing so would hurt their chances of getting good terms on their loans. On the other hand, there is some evidence non-marginalized borrowers tend not to report their race if they believe it will work against them (for example, in college admissions). Hence, the self-selection issue shows that not reporting their race seems to be an optimal strategy for some individuals across racial groups when applying for a loan.

As a result, it is necessary to correct for selection to generate useful inferences about our subsamples that self-reported their race. We control for potential selection issues using the Heckman selection model and controlling for unobservables by adding fixed effects (in our case, industry, lender, and location fixed effects).

More specifically, we apply the inverse Mills ratio (also known as the non-selection hazard) to take into account potential selection bias (Atkins et al., 2021). Heckman (1976) proposed a two-step selection correction model (Heckman, 1976) using the inverse Mills ratio. In the first stage, a probit regression is modeled using the observed positive outcomes (in our case, selecting not to self-report their race). In the second stage, the estimated parameters are used to obtain the inverse Mills ratio, which is then included as an explanatory variable in the OLS estimation.

TABLE 18: Prediction of Selecting to Not Report Race: A Probit Model with Unreported Race as the Dependent Variable

	(1)	(2)	(3)	(4)	(5)
Black NH % (Zip Code)	-0.009*** (0.002)	-0.005** (0.002)	-0.006** (0.003)	-0.006** (0.003)	0.001 (0.003)
Hispanic % (Zip Code)	0.016** (0.006)	0.037*** (0.009)	0.055*** (0.008)	0.056*** (0.009)	0.065*** (0.016)
Asian NH % (Zip Code)	-0.018* (0.010)	-0.012 (0.010)	-0.003 (0.009)	-0.004 (0.009)	0.009 (0.019)
Other Races NH % (Zip Code)	0.012 (0.041)	0.313*** (0.066)	0.358*** (0.050)	0.367*** (0.053)	0.359*** (0.084)
Median Age (Zip Code)	-0.016 (0.011)	-0.025** (0.011)	-0.012 (0.009)	-0.012 (0.009)	0.015 (0.021)
Female % (Zip Code)	-0.002 (0.014)	0.029 (0.020)	0.075*** (0.026)	0.073*** (0.025)	-0.011 (0.023)
Median Income (Zip Code)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000* (0.000)
Jobs Reported		0.004 (0.002)	0.004 (0.002)	0.003 (0.002)	-0.000 (0.002)
Female Owner		-0.305* (0.161)	-0.283* (0.166)	-0.277 (0.171)	-0.140 (0.175)
Veteran Owner		-0.455 (0.295)	-0.386 (0.298)	-0.374 (0.307)	-0.285 (0.234)
Gender Unanswered		1.491*** (0.220)	1.570*** (0.235)	1.568*** (0.231)	1.900*** (0.294)
Veteran Unanswered		0.392*** (0.140)	0.416*** (0.136)	0.418*** (0.131)	0.441*** (0.110)
Industry FE	No	No	Yes	Yes	Yes
Corporation	No	No	No	Yes	Yes
Lender FEs	No	No	No	No	Yes
Observations	4548	4548	4461	4461	4087
Pseudo R2	0.002	0.371	0.392	0.392	0.518

Table 18 shows the first step – the probit regression results with a dummy variable of unreported race as our dependent variable. The unreported race dummy variable takes the value of 1 if the borrower did not self-report her race and zero otherwise. Column (1) consists of the borrower’s location (zip code) characteristics such as the percentage of Blacks, Hispanics, Asians, and other races, not including Whites (with whites as the baseline race variable); female percentage; median age, and median income as controls. The assumption is that some of these variables can influence the decision not to self-report their race. Column (2) adds the borrower’s characteristics such as jobs reported, female dummy, veteran status dummy, gender unanswered, and veteran unanswered as controls. Column (3) adds industry fixed effects, column (4) adds a corporation dummy (equal to 1 if it is a corporation and zero otherwise), and column (5) adds lender fixed effects to control for potential unobservables at the bank branch level.

In Step 1, the probit model shows that a higher percentage of Hispanics and Other Races (non-white and non-Hispanic) in the zip code population increases the chances of not reporting race. Additionally, higher median income at the zip-code level increases the probability of not reporting race. We also find that leaving the questions on gender and veteran status blank is highly correlated with not reporting race. This is understandable given that those questions are presented on the same page and close to each other on the PPP loan applications. The other control variables are not significant when looking at column (5), the full probit model specification. We then use column (5) results to calculate the inverse Mills Ratio. In Step 2, we use the inverse Mills Ratio in our standard OLS model as one of the independent variables when regressing against the natural log of loan amounts (see Table 19).

TABLE 19: ln(Loan Amounts) – Paycheck Protection Program (PPP)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
White Owner	0.238 (0.151)	0.213** (0.094)	0.209** (0.095)	0.166 (0.100)	0.130 (0.094)	0.031 (0.088)	0.013 (0.085)
Black Owner	-0.839*** (0.106)	-0.516*** (0.066)	-0.495*** (0.068)	-0.436*** (0.062)	-0.334*** (0.084)	-0.418*** (0.083)	-0.362*** (0.078)
Hispanic Owner	-0.080 (0.117)	0.063 (0.118)	0.039 (0.117)	0.056 (0.135)	0.203 (0.148)	0.087 (0.142)	0.062 (0.144)
Asian Owner	-0.143 (0.149)	-0.169* (0.096)	-0.148 (0.091)	-0.184* (0.097)	-0.027 (0.129)	-0.131 (0.136)	-0.139 (0.143)
Native American Owner	1.304** (0.478)	0.631*** (0.217)	0.674*** (0.213)	0.616*** (0.192)	1.362*** (0.208)	1.143*** (0.262)	1.024*** (0.238)
Jobs Reported		0.027*** (0.001)	0.026*** (0.001)	0.026*** (0.001)	0.023*** (0.001)	0.025*** (0.003)	0.025*** (0.003)
Veteran Owner		0.278 (0.166)	0.335* (0.173)	0.362* (0.197)	0.175 (0.107)	0.073 (0.096)	0.090 (0.108)
Female Owner		0.071 (0.051)	0.049 (0.060)	0.063 (0.060)	0.038 (0.061)	-0.042 (0.083)	-0.057 (0.075)
Corporation		0.760*** (0.078)	0.769*** (0.074)	0.672*** (0.070)	0.523*** (0.054)	0.530*** (0.057)	0.501*** (0.050)
Median Age (Zip Code)			0.223*** (0.002)	0.137*** (0.011)	0.242*** (0.011)	0.250*** (0.014)	0.210*** (0.016)
Median Income (Zip Code)			-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
Bachelor or Higher % (Zip Code)			0.116*** (0.001)	0.084*** (0.005)	0.109*** (0.005)	0.112*** (0.006)	0.099*** (0.007)
Inverse Mills Ratio						0.193*** (0.056)	0.148** (0.051)
Zip FE	No	No	Yes	Yes	Yes	Yes	Yes
Industry FE	No	No	No	Yes	Yes	Yes	Yes
Lender FE	No	No	No	No	Yes	Yes	Yes
Month-Year FE	No	No	No	No	No	No	Yes
Observations	4582	4582	4548	4490	4490	4089	4089
Adjusted R²	0.010	0.374	0.388	0.410	0.498	0.499	0.516

Table 19 shows our OLS and fixed effect models using the natural log of PPP loan amounts as our dependent variable. The first 5 columns show different models without correcting for selection. We correct for selection in the last two models, columns 6-7, for comparison purposes. Next, we implement our regression analysis using fixed effects to control for un-observables at different levels (industry, lender, zip code, and month when the loans were approved). The intuition is that the PPP loan distribution and approval process could be influenced by set standards such as the type of industry (essential vs. non-essential industries; service vs. manufacturing, etc.), the type of lender (credit union; commercial banks; regional vs. large banks, etc.), the location or zip code of the business (it could be that the business location is in a poor neighborhood with limited business growth opportunities during and after the pandemic), and the month the loan was approved (it could be that businesses that applied earlier had a better chance at getting approved for larger amounts).

Our findings are quite interesting; as shown earlier, there seems to be a penalty for self-reporting race/ethnicity for black small business owners, and the penalty remains statistically significant across all specifications when controlling for borrower, lender, and neighborhood characteristics, as well as other potential un-observables (see Table 19). The coefficients are interpreted as the percentage differential between those that self-report their race-ethnicity vs. the control group (those that did not self-report their race-ethnicity).

The existence of this race reporting penalty suggests that racial biases in the financial service industries infiltrated into the mechanism through which PPP loans were distributed. For example, the combination of aiming for a fast distribution funds and the fact that SBA use existing local bank branches likely serve to amplify the biases in banking relationship (Blanchard, Zhao, and Yinger, 2008; Blanchflower, Leving, and Zimmerman, 2003; Cavalluzz and Cavalluzzo, 1998; Fairlie, Robb, and Robinson, 2020; Atkins, Cook, and Seamans, 2021). Additionally, as mentioned earlier, some banks

were accused of allocating funds to their clients first or favoring some type of businesses instead of using a “first come, first served” basis as instructed by the SBA.

The first column controls only for racial and ethnic characteristics of the borrower. Column (2) adds other borrower characteristics such as jobs reported and veteran, female, and corporation dummies. Both of the first columns do not control for fixed effects, and they show some of the largest impacts in terms of the magnitude of the coefficients, a gap in funding of 84 percent and 52 percent, respectively. In other words, black owners received PPP loans that were 52-84 percent lower than those borrowers that did not self-report race. In column (3), we control for neighborhood characteristics at the zip code level and also add the zip code fixed effects. The results show that the funding gap remains high for black borrowers (50 percent).

In columns (4) and (5), we add industry and lender fixed effects, respectively. We find that the funding gap for black business owners remains large and significant at 33 percent. In fact, when we correct for selection, by adding the inverse Mills Ratio, the effects do not disappear, showing a funding gap of 42 percent in column (6). We find that the coefficient of the inverse Mills Ratio is positive and significant, showing evidence of self-selection in not reporting race and that those that do not state their race tend to have higher loan amounts, further confirming our expectations and evidence from the descriptive analysis.

We then control for the timing of loan approval by adding the month-fixed effects in column (7). We find that the gap to be 36%. Finally, using the last two columns that control for self-selection and timing fixed effects, we see that the racial loan gap between self-reported blacks and the non-self-reported is approximately 40%; in other words, black business owners obtained PPP loan amounts that were 40% lower when compared to other borrowers with similar business, location, and lender characteristics.

TABLE 20: Racial Gap Across Samples: ln(Loan Amounts)

	vs. All Other	vs. Unreported Race	vs. Reported White
Black Owner	-0.357*** (0.079)	-0.425*** (0.081)	-0.350 (0.203)
Jobs Reported	0.025*** (0.003)	0.024*** (0.003)	0.034*** (0.008)
Veteran Owner	0.132 (0.117)	0.217** (0.090)	-0.093* (0.041)
Female Owner	-0.062 (0.072)	-0.025 (0.116)	-0.262 (0.175)
Corporation	0.501*** (0.049)	0.503*** (0.054)	0.447* (0.194)
Median Age (Zip Code)	0.212*** (0.017)	0.211*** (0.015)	-0.004 (0.065)
Median Income (Zip Code)	-0.000*** (0.000)	-0.000*** (0.000)	0.000 (0.000)
Bachelor or Higher % (Zip Code)	0.100*** (0.008)	0.101*** (0.007)	-0.024 (0.036)
Inverse Mills Ratio	0.145* (0.073)	0.133** (0.056)	0.346 (0.277)
Zip FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes
Month-Year FE	Yes	Yes	Yes
Observations	4089	3751	373
Adjusted R2	0.516	0.514	0.605

In Table 20, we conduct an exercise in which we keep self-reported black business owners and vary the control group — vs. all other borrowers in column (1), vs. unreported race borrowers in column (2), and vs. self-reported white borrowers in column (3). We find that the racial gap remains when compared to all loans and loans with unanswered race. However, when our control group

is self-reported whites, the significance disappears due to the shrinking number of observations and large variation. This result is particularly interesting because it shows that if borrowers report their race, banks are more likely to compare across racial groups to ensure parity. However, they do not do so across those who self-report and those who do not report their race or ethnicity at all.

5.2 Racial and Gender Disparity in PPP Loans

Did black female owners face additional disparity in the distribution of PPP loans? In Table 21, we conduct a similar analysis, as shown above, presenting the findings on the intersectionality of gender and black-owned businesses in the acquisition of PPP loans. We find that in Durham black female owners received slightly larger loan amounts with respect to all other borrowers and unreported race borrowers; however, the differences

are not statistically different from zero. In other words, there seems to be no incremental funding gap for black female owners because of gender. Instead, the funding gap that we see for black female owners comes through the racial funding gap. Put differently, black female owners face similar biases as black male small business owners through the PPP loan application process.

TABLE 21: Racial and Gender Gap: ln(Loan Amounts)

	vs. All Other	vs. Unreported Race	vs. Reported White
Black Owner=1	-0.399*** (0.125)	-0.463*** (0.112)	-0.315 (0.275)
Female Owner=1	-0.077 (0.094)	-0.047 (0.135)	-0.228 (0.288)
Black Owner=1 # Female Owner=1	0.107 (0.233)	0.101 (0.230)	-0.090 (0.385)
Jobs Reported	0.025*** (0.003)	0.024*** (0.003)	0.034*** (0.008)
Veteran Owner	0.135 (0.120)	0.224** (0.095)	-0.100* (0.050)
Corporation	0.501*** (0.049)	0.502*** (0.054)	0.454** (0.183)
Median Age (Zip Code)	0.212*** (0.017)	0.211*** (0.015)	-0.008 (0.073)
Median Income (Zip Code)	-0.000*** (0.000)	-0.000*** (0.000)	0.000 (0.000)
Bachelor or Higher % (Zip Code)	0.100*** (0.008)	0.101*** (0.007)	-0.026 (0.040)
Inverse Mills Ratio	0.148* (0.075)	0.136** (0.054)	0.352 (0.265)
Zip FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes
Month-Year FE	Yes	Yes	Yes
Observations	4089	3751	373
Adjusted R2	0.516	0.514	0.604

5.3 Timing and Racial Disparity in PPP Loans

Furthermore, we investigate the timing of the loan approval. Anecdotal evidence from the in-depth qualitative interviews reveals that black small business owners felt PPP loan information was not disseminated equally among all business owners. For example, some business owners in Durham felt that the funding was already gone by the time they were able to apply for PPP loans. Additionally, the different approaches driven by the different Administrations (Trump vs. Biden) could also make a difference in funding for black business owners. We heard from black business owners that the treatment was different in later months, particularly the second round of PPP conducted under the Biden Administration. However, multiple respondents remained skeptical of the degree to which the policies

of the new administration would reduce the racial wealth gap and support the success of black-owned businesses in the long-term.

Table 22 shows the timing effects by month, starting with April 2020 (the first month of PPP loan approval) and ending with February 2021. The months from April 2020 - August 2020 are considered the first round of PPP loans, and January 2021 - February 2021 are part of the second PPP round. When considering all PPP loans allocated in Durham, we find that April 2020, the first month PPP loans were approved, was a key month in driving the racial funding gap, confirming the experience described by the black business owners and CEOs we interviewed.

TABLE 22: Racial Gap and Timing of Loan Approval: ln(Loan Amounts)

	April 2020	May 2020	June 2020	July 2020	August 2020	January 2021	February 2021
White Owner	0.053	0.206	-0.512	0.740*	-0.535	0.033	-0.340
	(0.115)	(0.172)	(0.281)	(0.365)	(0.546)	(0.260)	(0.253)
Black Owner	-0.812***	-0.121	0.129	-0.450	0.324	-0.027	-0.306
	(0.237)	(0.137)	(0.255)	(0.254)	(1.300)	(0.263)	(0.311)
Hispanic Owner	-0.099	0.346	0.865**	-1.841*	0.000	0.268	0.266
	(0.231)	(0.243)	(0.355)	(0.853)	(.)	(0.235)	(0.361)
Asian Owner	-0.043	0.279**	-0.651	-0.760	0.000	-0.092	-0.494
	(0.135)	(0.104)	(0.459)	(0.490)	(.)	(0.195)	(0.442)
Native American Owner	0.889***	1.061***	0.000	0.000	0.000	0.763*	0.000
	(0.147)	(0.090)	(.)	(.)	(.)	(0.330)	(.)
Jobs Reported	0.022***	0.029**	0.106***	0.085***	0.100	0.048***	0.054***
	(0.002)	(0.009)	(0.009)	(0.019)	(0.070)	(0.009)	(0.009)
Veteran Owner	0.150	-0.275	0.000	-0.197	1.171	0.501*	0.405
	(0.232)	(0.360)	(.)	(0.438)	(0.662)	(0.253)	(0.445)
Female Owner	0.064	-0.232**	0.383	-0.250	0.468	-0.132	0.127
	(0.091)	(0.088)	(0.405)	(0.678)	(0.579)	(0.252)	(0.197)
Corporation	0.401***	0.539***	0.556**	0.690***	1.027**	0.352**	0.362*
	(0.044)	(0.053)	(0.230)	(0.152)	(0.415)	(0.132)	(0.170)
Median Age (Zip Code)	-0.100***	0.029	-0.040*	-0.008	0.345	-0.074***	0.054**
	(0.018)	(0.016)	(0.018)	(0.012)	(0.460)	(0.016)	(0.021)
Median Income (Zip Code)	0.000	0.000***	0.000	0.000***	-0.000	0.000**	0.000**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Bachelor or Higher % (Zip Code)	-0.021**	0.010	-0.003	-0.029***	0.163	-0.024***	0.020
	(0.008)	(0.010)	(0.009)	(0.008)	(0.209)	(0.004)	(0.020)
Inverse Mills Ratio	0.109	0.257**	-0.174	0.578*	0.881	0.031	0.185
	(0.089)	(0.094)	(0.262)	(0.305)	(0.792)	(0.253)	(0.276)
Zip FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1850	1172	305	170	76	277	239
Adjusted R²	0.497	0.372	0.387	0.358	0.269	0.669	0.645

It could be argued that loans with large loan amounts, considered to be those with amounts larger than \$150,000 by the SBA, are the loans that are driven by such discrepancies in funding. To investigate this question, we perform a similar analysis as found in Tables 18-21 with PPP loans of up to \$150,000 in loan amounts only. The results of this exercise are found in Tables A2-A4 in the appendix and Table 23 below. We find that the results are very consistent, and, in some cases, with stronger statistical significance. For example, in Table 23, we

confirm that for loans with up to \$150,000 in approved amount, the racial funding gap was driven not only by the loans approved in April 2020 but also by those approved in May 2020 and July 2020. We find that loans approved in later months and particularly during the second round were more egalitarian among black borrowers and other borrowers. This is expected given the changes implemented in the PPP program in later months and during the second round that try to address the disproportional distributions of funds across racial groups.

TABLE 23: Racial Gap and Timing of Loan Approval: In(Loan Amounts) - Up to \$150,000

	April 2020	May 2020	June 2020	July 2020	August 2020	January 2021	February 2021
White Owner	-0.009	0.139	-0.544	0.689*	-0.535	0.287	-0.426*
	(0.080)	(0.119)	(0.293)	(0.341)	(0.546)	(0.196)	(0.210)
Black Owner	-0.567**	-0.209**	0.152	-0.495*	0.324	0.083	-0.320
	(0.186)	(0.085)	(0.251)	(0.213)	(1.300)	(0.276)	(0.369)
Hispanic Owner	-0.206	0.230	0.900**	-1.811*	0.000	-0.014	0.191
	(0.127)	(0.185)	(0.281)	(0.820)	(.)	(0.437)	(0.448)
Asian Owner	0.047	0.404***	-0.619	-0.728	0.000	-0.184	-0.615
	(0.123)	(0.105)	(0.437)	(0.466)	(.)	(0.228)	(0.421)
Native American Owner	0.705**	1.088***	0.000	0.000	0.000	0.539	0.000
	(0.303)	(0.077)	(.)	(.)	(.)	(0.288)	(.)
Jobs Reported	0.075***	0.069***	0.109***	0.073***	0.100	0.131***	0.074***
	(0.011)	(0.006)	(0.021)	(0.019)	(0.070)	(0.008)	(0.014)
Veteran Owner	0.253	-0.045	0.000	-0.147	1.171	0.467	0.216
	(0.214)	(0.393)	(.)	(0.404)	(0.662)	(0.337)	(0.488)
Female Owner	0.066	-0.140	0.410	-0.223	0.468	-0.212	0.254
	(0.086)	(0.087)	(0.355)	(0.679)	(0.579)	(0.324)	(0.274)
Corporation	0.315***	0.410***	0.499*	0.587***	1.027**	0.284*	0.362**
	(0.041)	(0.061)	(0.258)	(0.138)	(0.415)	(0.120)	(0.104)
Median Age (Zip Code)	-0.110***	0.047**	-0.038*	-0.180*	0.345	-0.060***	-0.017
	(0.021)	(0.015)	(0.020)	(0.092)	(0.460)	(0.012)	(0.021)
Median Income (Zip Code)	0.000***	0.000**	0.000	0.000*	-0.000	0.000**	0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Bachelor or Higher % (Zip Code)	-0.033**	0.014	-0.003	-0.105**	0.163	-0.027***	-0.042***
	(0.011)	(0.009)	(0.010)	(0.042)	(0.209)	(0.006)	(0.003)
Inverse Mills Ratio	0.094	0.164	-0.203	0.573	0.881	0.075	0.178
	(0.082)	(0.090)	(0.201)	(0.314)	(0.792)	(0.212)	(0.246)
Zip FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1432	1085	298	167	76	225	199
Adjusted R²	0.430	0.355	0.304	0.301	0.269	0.619	0.516

To conclude, PPP loans have proven to have helped the business community nationally and in Durham. Early reports on business closing reported that up to 40-60 percent of all businesses (particularly restaurants) were going to close for good (Yelp, 2020). A year later, recent reports show that such a percentage of business closures is around half of that, thanks to federal initiatives and the

adaptability of small business owners (Crane et al., 2021). However, in the early months of PPP loan disbursement, black small business owners were treated unfairly given established biases in the financial service industry further amplified during the early months of the COVID-19 pandemic.

■ 6.0 Black Business Owners in Durham, NC: Coping with and Responding to the COVID-19 Impact

This section explores the goals, perspectives, and actions of black business owners amidst the COVID-19 pandemic and the unfair funding landscape characterized by the Paycheck Protection Program (PPP). Their stories and

reflections indicate that business-leader experiences are heavily rooted in the following categories: (1) Needs and Aspirations, (2) Identities, and (3) Adaptations and Innovations.

6.1 Business Owner Preferences: Their Needs and Aspirations

What characterizes black business owners' desires, hopes, and goals amid the COVID-19 pandemic? While reflecting on their views of success, participants shared visions of making broader impacts in the community, having pleasant interactions with their customers and clients, and reveling in the activities that bring them peace. For some participants, moving past the COVID-19 pandemic has not simply been about business growth in monetary terms - it has been about fostering positive views for their future lives even outside the realm of their money-making business.

In line with the statement from one business owner in the arts industry – *“you don't know what tomorrow holds, you can definitely plan for what the future is going to look like”* – business owners were eager to share their views on how the future should look. Their stories reveal that while their needs are monetary, their broader hopes and aspirations extend beyond their financial requirements.

When asked to envision a policy or programs that would be helpful to their endeavors, eight out of the ten participants alluded to the importance of having *“access to capital.”* Their responses provided insight into their foundational needs as business owners. A business owner of a firm in the financial-services industry stated his belief that *“most businesspeople understand that to grow your institute...to grow your business, you need access to capital... Some firms have it. A lot of firms don't.”*

Furthermore, one business owner in the food-services industry revealed his belief that his business would not be where it is today *“without access to capital to grow.”*

Participants stressed that they needed resources, equal avenues for getting those resources, funding, knowledge on how to access development funds, programming opportunities on the fundamentals of business operations, and *“education on what it is that you need to be able to get sustainable funding for your small business.”* The financial needs of business owners align with the notion that black business owners face steep obstacles to accessing capital.

Historically, credit and loan discrimination have dictated financial pathways for black business owners. In fact, past literature finds that access to credit and financing are especially inadequate for black-owned businesses across different stages of the business life cycle (Farlie & Robb, 2008). Racial wealth disparities in the U.S. provide the context under which black business owners find themselves in need of increased access to capital, or at least to the pathways that can guarantee them more equitable funding resources. Black Americans are less likely than their white counterparts to have their business loans approved *“and the loans they do receive from financial institutions are much smaller than those flowing to white business borrowers”* (Bates, 1998, p. 203).

A participant in the real estate industry stated that success for him is about *“the continued flow and source of income.”* He believes that steadiness of monetary flow of income is critical to his success. Similarly, a business owner from the food services industry stated that success for her and her husband was just about *“being able to make a living.”* Apart from sharing their hopes for individual financial security, the business owners stated their desires to be a part of a society where getting access to capital does not necessarily increase one’s burden or debt - one where businesses can receive support *“without being taxed for it...without it being a financial burden.”* In fact, one business owner in the food industry stated that he hoped for *“...access to capital without any strings attached, without looking at my credit score, without looking at my family’s history, or my zip code, or this, that, and the third, even my skin color. Judgment free...”*

Business owners acknowledge that their business should provide them enough financial security to make ends meet. Yet, many other business owners also made sure to highlight the wealth of non-monetary factors that played into their ideas of success. One business owner in the food services industry shared her dreams of being at ease as she welcomes her customers entering into her business site on a day-to-day basis: *“I just want to sit there with my hands crossed and wait for my favorite customers so that I can say ‘How are you today?’”* She and her husband stated that they *“never hopped into [business ownership] with the idea of making millions.”* Many of their goals to this day rest on the idea of being

actively involved in the life and vibrancy of their business life and not simply occupied with the inner workings of their business operations. They want to experience their business alongside the customers that they are serving.

A business owner in the arts industry stated that his business scores success based on *“the attitude of the people when they leave”* and not necessarily from *“how much revenue [they’re] bringing in.”* Similarly, a business owner in the food services industry revealed that she and her partner were not *“money-driven.”* Instead, they consider themselves more *“experience-type people.”* They stressed that they tend to lean on the experiences that *“feel right in [their] spirit.”* They expressed their excitement for integrating traveling into their business practice — going overseas and trying different spices. Similarly, one owner in educational services shared her dreams of living a life of peace — one that awards her the ability to *“be across the country, somewhere across the world, somewhere.”* Another participant called herself an *“impact business owner.”* As a business owner in the realm of spiritual healing, she noted how her visions for success are rooted in philanthropy, in the community, and her desire to *“teach and guide... the collective.”* Finally, success for one business owner in the financial-services industry stated his belief that success is about helping other small and medium sized businesses grow: *“our success is helping the community.”* All told, the business owners acknowledged and stressed that their success as business owners was all-encompassing.

6.2 Business Owner Perspectives: Their Identities

The contours of business-owner experiences during COVID-19 were shaped in large part by participants’ varied, often intersecting identities. It should be noted prior research delineates social identity as referencing *“the economic and social meaning that a society attaches to particular phenotypic characteristics or distinctive cultural practices”* and race as *“both an aspect of personal identity and a form of productive property”* (Darity et al., 2000, pp. 8-9). Respondents reflected on the role of their social identities, specifically race, in forming their business experiences both during the pandemic and before it.

As one owner of one family owned firm revealed: *“Yes, I’m a black caterer. We’ve lost a lot of business because people go, ‘oh, your prices are too high.’ And what they were really saying was, ‘for a black person, your prices are too high.’”* Other owners reflected on their economic

business experiences as intertwined with their racial identity: *“Collectively, in the minority community, funding is a lot less for us. It is more difficult for us to be able to get the funding that we need for our businesses.”*

Gender and racial discrimination pre-COVID drove some business-owners to make decisions in regard to how to represent themselves and their businesses across public-facing materials, including their own firm’s website: *“For the first three...years of our business, we didn’t have our face on anything, because we didn’t want the discrimination of being a female-ran black business... We wanted you to taste our food... and that’s it.”*

Gender and racial discrimination also structured the areas of Durham in which black women business owners were told it would be viable to house their offices by institutional actors and the gendered, racialized

violence they may face in moving to such predetermined locations: *"I have to tell people, listen, we are two females... I [am] sometimes in my kitchen until midnight. I do not want to be in a neighborhood that has the highest crime rate because I am a black owned business and you want me to support my black community that is developing, but you wouldn't even go there yourself."*

Findings from the quantitative component of the study illustrate the funding gap observed for black female business owners comes through the racial funding gap. In other words, black female owners face similar biases as black male small business owners throughout the PPP loan application process. Race persists as a "master category of social differentiation" in the United States (Seamster & Ray, 2018, p. 315). Although these PPP data do not reflect a significant difference in treatment between black women and men—i.e., race appears to trump gender in shaping business disadvantage in Durham—findings from the in-depth qualitative interviews suggest gender critically intersects with race to inform the business experiences of black women entrepreneurs before and during the pandemic, particularly in the context of operational and funding experiences. For example, using the 2019 Durham Business Survey, we find that the total revenue distributions for black male and female business owners are statistically different (see Table 5.2 titled "Testing Rank Distribution of Business Revenue by Racial and Gender Groups of Ownership") which highlights different operations and funding experiences.

Existing research has examined the singular position black women entrepreneurs occupy at the intersection of persistent racisms and sexism, while also acknowledging entrepreneurship literature provides conflicting evidence in regard to the significance of gender in determining economic entrepreneurial success, in-line with the quantitative findings (Robinson et al., 2007, p. 146). Useful in analyzing data from the in-depth qualitative interviews, however, literature on black women entrepreneurs has emphasized "entrepreneurship does not take place in a vacuum," but rather in various social settings fundamentally structured by the racisms and sexism which undergird the U.S. as a settler-colonial project (Glenn, 2015; Robinson et al., 2007; Seamster & Ray, 2018).

During the COVID-19 pandemic, one woman business owner in the medical field took extra care in considering the evolving realities of her predominantly female employee base. The pandemic meant many of her employees with children were now not only at-risk of contracting the virus due to their role as medical professionals, but were also responsible for daily virtual

learning, homeschooling, and full-time childcare. This owner adjusted her firm's operational schedule in light of these gendered, raced realities, all while meeting customer demand; she did so through adaptive innovation in the face of structural gendered racism faced by both herself and the majority of her employees.

Recent research has shown the COVID-19 pandemic in many ways further exposed endemic, structural gendered racism, pursuant to the fact women of color disproportionately "occupy disadvantaged positions within households, occupations, and health care institutions, and therefore face heightened risk for COVID-19 and lowered resources for mitigating the impact of the deadly virus" (Laster Pirtle and Wright, 2021, p. 168). An emphasis on household responsibilities was echoed in business-owner responses, with female entrepreneurs demonstrating a heightened care for female employees and describing the labor burden associated with owning a business during the COVID crisis all while *"trying to be a wife and a mother and keep the house clean and do laundry..."*

Initially denied the first round of PPP funding by her long-time bank, one woman business owner in Durham had a suspicion that bank representatives were sharing the procedures and protocols she developed during the COVID-19 pandemic back to other non-black, non-female-owned firms with whom they did business. Again, this case displayed a pattern of institutionalized, gendered racism and racialized information systems potentially laid bare by the pandemic: *"[they] started asking me questions about policies and protocols [I'd implemented during COVID-19]. I got the impression that [they were] taking that information to carry back to [other providers]."*

Black business owners interviewed in Durham derived power from their varied, intersecting social identities, particularly race. They valued increased support from community members and groups which demonstrated a legitimate understanding of who they were and viewed their intersecting identities as bearing disruptive strength: *"we are women-led, black-led, veteran-led, LGBTQ-led business. And we're out here and we're disrupting the norm of what it looks like [to be in our industry]."*

Other participants cited their racial identity as contributing to their ingenuity, creativity, and perseverance in the face of institutional racism during the COVID-19 crisis: *"I think especially with African-Americans, you know, we are very resilient...I've dealt with, you know, not having a right, so. But how do I get? How do I make this work?"*

One corporation in the financial-services sector similarly prioritized the continuance of other businesses of color during the pandemic, ultimately leading to their firm's best year in its history: *"What we do is kind of grassroots in terms of helping small and medium-sized businesses, specifically minority businesses... 70% of the businesses [we provided loans to] were businesses of color. It was definitely necessary to help them sustain themselves through the pandemic..."*

In contrast, one business owner described the possibility of black-owned businesses to exist in a *"silo-type situation,"* partitioned away from other firms in their industry and corresponding networks and relationships. This perspective underscores the importance of relationships, interactions, and networks for business owners during the COVID-19 pandemic, specifically in determining the degree to which their firm had access to information, support, and avenues to financing, as well as the potentially racialized nature of such networks.

One central theme which touched all business owner experiences during the COVID-19 pandemic was the *Buy Black* movement, particularly during the summer of 2020. Juneteenth especially marked for many business owners in Durham a period of unprecedented sales and customer activity. It should be noted the *Buy Black* movement did not originate with the COVID-19 pandemic.

Buy Black movements have a long, rich history, envisioned as a positive, political initiative to keep money flowing within and across black-owned firms and communities (Jeffries, 2020). Historically, *Buy Black* initiatives have likewise prioritized increasing support for black-owned firms as one strategy to counter white hegemonic narratives that goods and services produced by black people are fundamentally lesser and to circumvent white-owned businesses in black neighborhoods which mistreat and cheat black customers (Jefferies, 2020, p. 3). Activism in the sphere of consumerism has a longstanding place within movements for black power and liberation, particularly as spearheaded by black women (Brown, 2017). While positive political-economic movements rooted in black solidarity and self determination, buying and banking black have long been billed by policymakers and the private sector alike as single solutions to the racial wealth gap and black firms' success, rather than the creation of an inclusive and just economy (Darity et al., 2016, p. 8).

Attitudes toward the *Buy Black* movement in Durham varied across the respondents. Their responses provide insights into business owners' perspectives and experiences in the COVID-19 world as well as their perception of various currents of thought

under the racial justice rubric. While acknowledging *Buy Black* movements as no panacea for rectifying "discriminatory practices, institutions, and legislation" and unequal access to capital which have shaped black entrepreneurship for centuries, multiple respondents expressed positive aspects of their experiences of the *Buy Black* movement in Durham, at least in the short-term (Bogan and Darity, 2008, p. 2018). The positive experiences of business owners were primarily linked to black solidarity and strengthening of entrepreneurial networks. As the owners of one family owned firm stated: *"People really showed out, our people showed out by purchasing. We really enjoyed it. [Buy Black initiatives] also allowed us to have some access to mentors that we wouldn't have had otherwise."* Similarly, another owner emphasized the solidarity born out of the *Buy Black* movement both prior to and during the pandemic, echoing a trend of Durham businesses supporting other businesses: *"Durham is very unique in the sense that [black-owned businesses] all support each other... As you can see, I have on a 'Black August in the Park' t-shirt. Juneteenth [2020] there was a huge push to buy black, to eat black, to spend black..."*

The beneficial business experiences with *Buy Black* initiatives during COVID-19 were characterized by increased solidarity with other black entrepreneurs, customers, and the growth of entrepreneurial networks. The uptick in business initiated by *Buy Black* initiatives, however, was not experienced as a universal good across respondents. Multiple participants described the *Buy Black* campaigns as fleeting after observing a sharp decrease in patronage by primarily non-black customer bases following the movement's initial surge in summer 2020. The sharp increase and subsequently sharper decrease in patronage by non-black customers when engaging the *Buy Black* movement prompted questions with respect to who has historically bought black and who hasn't, and the cyclically reactive, performative nature of non-black customers in engaging *Buy Black* movements immediately following instances of premature black death at the hands of the state, a potential symptom of what has been termed the "pseudo white awakening" of 2020 (Melton, 2021). As one owner in child-care services said: *"I don't see a big change, because people of my culture, [they know my business is] black-owned. I don't really put that out there; I mean you see that when you look at our company."* Another one owner stated: *"I've been doing this for about 30 years, and, a lot of times, these kinds of things happen and then it goes back to normal."*

The reactive, transient nature of non-black patrons when *buying black* in the summer of 2020 led business owners in Durham to describe *Buy Black* campaigns as an unsustainable long-term solution for the continued success of black-owned firms, despite increased business and revenue in the short-term. As one owner stated: *“That Buy Black initiative [during summer 2020], that worked. But then after a couple of months, everything started to die down, to below normal. So then it's like, OK, do the black lives really matter?”* The attitudes expressed by predominantly non-black customer bases in engaging the *Buy Black* movement in Durham further contributed to business owners' psychological experiences during the COVID pandemic. As one owner said: *“Fast forward to 2021, when we're around the same time as last year. And there haven't been any strong Buy Black or Shop Black Owned movements... I'm kind of numb to it.”*

The state-sanctioned murders of Breonna Taylor, George Floyd, Tony McDade, among countless other black Americans—and the ground-level community response to these murders by police and other forms of racist violence in demanding justice—joined the *Buy Black* movements of 2020 in shaping the psychological and business experiences of owners. As one business owner shared: *“With the unfortunate passing of George Floyd, it definitely was a movement across America... I mean, it was an unbelievable feeling just for me... Of course, everybody was enraged... but you shouldn't have to have a tragedy or anything like that happen for people to, say, support of black businesses... that should be happening regardless.”*

For several firms, the influx of consumers during the *Buy Black* movement of 2020, especially around Juneteenth, inspired positive feelings, while also generating feelings concerning racist stereotypes of black-owned businesses. One owner in the real-estate sector stated: *“I think those campaigns are good and they can be beneficial, [but] I don't think that those campaigns help if the businesses that are being highlighted aren't prepared to execute well... A stereotype [of] black businesses [is that they] don't know what they're doing, and so particularly because they're highlighted as such instead of just a business, any failure within those campaigns exacerbates the potential stereotypes.”* Another firm in the food services industry described their record-breaking sales on Juneteenth as a *“humbling experience,”* yet noted they faced challenges in managing the surge in demand when staffing and operational capacities were reduced due to the pandemic. Ultimately, they felt *“overrun and overwhelmed...,”* a situation only made worse by the fact that *“what people are seeing is probably not your best.”*

Multiple respondents expressed a desire to be recognized for their products or services and rejected being reduced to what they saw as a gimmick or token. One family owned firm decided not to include a picture of themselves on their website to avoid *“the discrimination of being a female-ran black business.”* Instead, they placed an emphasis on their product.

Other respondents provided insight into the complex realities they confront as business owners in relation to their racial identity. One participant reflected on how he derives fulfillment as a business owner and the psychological impacts of being viewed as a pet project: *“I don't want my business to be considered, ‘Well, let's just support him because he's black.’ You know, I'd rather not have that. I would rather you support me because you know what I've done to get to this point, everything I have lost to get to this point. I would feel more fulfilled by that...”*

Consumer patronage outside of the confines of tokenism, as well as the universal desirability of their product, also was a theme underscored by the business owner in the arts industry: *“I'm not doing a play just for African-Americans... I also want other people to come see it. As artists, we sell tickets. And tickets have no color in terms of who should buy. I think that's what makes it important for other people to see [the performance] so that they can learn about each other's culture.”*

Industry-based groups of black business owners provided networks for multiple owners to receive and share information outside of more institutionalized channels. One owner spoke to the importance of this network of black business owners within the real estate industry: *“we've managed to do a good job of supporting each other and helping [each other] find, or source, or share information throughout this time.”* Women business owner-respondents cited groups of black business owners within their industry as critical both to their firm's survival during COVID and personal support. These findings suggest intra-business communication and uplift via associations or groups of black business owners within the same industry, particularly for women business owners, was a key mechanism of firm strength and owner well-being during the pandemic, even when these groups were not geographically limited to Durham.

Technology again becomes salient for business owners in altering the conditions of possibility and generating community to sustain their firms, as one owner reflected on her use of Clubhouse chat rooms: *“I'm in a lot of groups, so my support comes from them a lot...I could just click an app...So that brings a lot of motivation and*

a lot of connections” Another owner underscored the importance of identity-based community in survival and success during the pandemic: *“the black-business community, the minority women, everyone has just been*

extremely helpful. [Durham] is way different than [other places I’ve owned a business]. [Other places] you hoard your resources, no one wants to share too much...”

6.3 Business Owner Actions: Their Adaptations and Innovations

Often bolstered by the collaborative networks detailed above, black business owners in Durham envisioned and implemented countless innovations amidst the pandemic. They did so imaginatively against the backdrop of government-mandated closures, potential revenue losses, tenuous funding support, staffing changes, discrimination, and a necessity to navigate uncertainty as a praxis aimed at firm-survival. They took innovative steps also from a place of passion for their business and out of their desire for personal fulfillment: *“COVID-19 really made me go into the creative mode on how I’m going to pivot... I found a strength within myself. I didn’t even really know that I have the ingenuity, the ability to be able to be creative, the ability to be able to completely pivot...”*

One family owned business in the food services industry reported having adopted QR codes and more online ordering in the past year. Another women business owner of a Durham-based child care agency said that her lesson plans incorporated the “Three Ws” to staying healthy for her kids: waiting six feet, wearing a mask, and washing hands frequently. Other firms in the medical profession re-opened on an abbreviated schedule, both to accommodate employees with children learning from home and to prevent employees from having to re-gown multiple times per-day in their now-standard N95s, face regular masks, and face shields in an effort to preserve health safety.

Despite appearing restrictive at the beginning of the pandemic, operational adjustments paved the way for innovations to their business platforms that facilitated their way of *“doing business.”* Many participants took full advantage of the virtual business opportunities birthed by the pandemic. In fact, one participant acknowledged that *“there are so many things with technology that we can do with business.”*

One participant in the food services industry stated that she started *“a virtual cooking show”* with her partner from their home. Another business owner in the arts industry stated that *“because we were still able to stream a show...we were still able to get a product out.”* Finally, the owner of the child care agency said that she was able to hire a *“...virtual assistant in June [2020].*

You would think she was local, the way she drives my business and everybody who surrounds me... she is the main person who I can call at any time.”

One Durham business leader reported high levels of customer and worker adaptability to virtual changes initiated by the COVID pandemic, citing a 30 to 35 percent increase in utilization of online banking, mobile banking, and ATMs: *“I think it was something that was going to eventually happen, but, because of COVID, it actually accelerated our use and deployment of electronic banking services.”*

Findings from participant interviews show Durham-based business owners innovated and adapted not only to ensure the survival and success of their businesses in response to COVID-19, but largely to ensure the survival and success of their communities. These results suggest that the majority of sampled business owners designed and evaluated operational “pivots” made during COVID through the lens of generating revenue and their firm’s continuity; however, business leaders prioritized generating products, services, and programs that contributed to the present and future well-being of their communities in greater measure. Respondents generated these services and programs even if such forms of communal support were not directly revenue-generating to their firms.

Multiple business owners created formalized extensions of their businesses following the onset of COVID-19 in-partnership with local organizations to provide critical services for various communities in Durham. Accordingly, one owner shared: *“We provide meals for frontline workers, senior citizens, families in-need, and people can donate [to support that program],”* while another similarly stated: *“Every Friday, we actually donate to the Salvation Army in large quantities. So we’ve made that a regular thing. Whereas just last year we did it just a couple of times, we do it every Friday now... It has actually been very humbling...”*

These findings connect directly to recent research suggesting forthcoming studies would do well to investigate the idea that “[b]lack self-employees with high racial capital may reject individual economic

success as a remedy to racial inequality” and instead “own collective businesses that dedicate their profits to addressing racial disparities” (Bento & Brown, 2021, p. 33). This connection may hold in spite of the fact communally focused programs innovated by black business owners in Durham during COVID were not aimed solely at one racial or ethnic group given the racialized landscape of wealth and health disparities in the city. Business owners saw their innovations in-service of community as a part of a reciprocal system of care, critical to their firm’s continuance during the pandemic: *“During this time of the pandemic, us showing the community that we give back during a time like that definitely gave us more support. We really were able to withstand a pandemic because of it, because of us being part of the community, giving back...”*

As detailed previously, black business owners in Durham (and nationally) have a long history of introducing new products and services (Bogan & Darity, 2008, p. 2004; City of Durham, 2019, p. 61; Du Bois, 1912). The COVID-19 pandemic has been cited as rendering more visible “the stark social, financial, and political inequalities that define life for many Americans,”

more so than any time in recent history, although the pandemic in no way created them (Laster Pirtle and Wright, 2021). Black business owners in Durham responded with creative innovations to alter the conditions of possibility—for their businesses, other firms, and myriad Durham communities.

Contradicting cultural-determinist literature (see e.g. Light 1980 as representative of the cultural-determinist perspective) on black entrepreneurship, which posits black communities are too individualistic and do not have the networking and solidarity that support business in other communities, respondents defined success of their firms through the present and future wellbeing of communities and other members of the business ecosystem in Durham across sector, customer age, race, ethnicity, and any other individualizing factor. Innovations and adaptations business owners designed during the pandemic arose directly from networking (both in-person and virtually through channels such as GroupMe and Clubhouse) and from solidarity—solidarity with their employees, with other owners across racial-ethnic groups, and with residents of the city of Durham at-large.

■ Policy Strategies: A Vision for the Future

In the short- and immediate-term, it is most important to assist black-owned businesses, as many as possible, to survive the ongoing crisis, even as Durham and other markets continue to move towards a full reopening. Early in the COVID crisis, as a response to the challenge of small businesses in Durham, the City and County of Durham, in partnership with Duke University established the Durham Small Business Recovery Fund. The fund was administered by the Carolina Small Business Development Fund, a Community Development Financial Institution based in Raleigh, North Carolina, and included \$2 million in loanable funds by the public bodies and \$1 million in grantable funds by Duke.³ Though the funds were race-neutral, they did aim to be inclusive of racially diverse businesses – including black businesses.

The grant capital provided by Duke University proved to be the most popular resource, and it was quickly expended, whereas the loan capital was not sought out as fervently. Consequently, the Durham Small Business

Recovery Fund continues to hold loan capital, while the grant fund is empty. This provides evidence that firms, especially black-owned firms, are leery of taking out loans and prefer accepting grant funds. This may seem an obvious choice for any business, but those founded and led by black entrepreneurs are particularly hesitant to take on debt as a means of temporary relief. One reason for this is that many black firms were already struggling prior to the pandemic-driven recession. While white firms might expect profitability to return once the economy fully resumes operations, coupled with the expectation of fully forgivable federal loans, the prospect of black firm owners borrowing money – even from a favorable municipal loan pool – can be daunting and stressful.

Consequently, Durham should consider a number of policy efforts to support local black businesses in the short- and medium-term, while ensuring they are stronger going forward and well into the future. The American Rescue Act of 2021 provides a unique

³ <https://www.durhambusiness360.com/DocumentCenter/View/209/Durham-Small-Business-Recovery-Program-Report-7>

opportunity to provide such capital to black businesses, as the Biden Administration has encouraged capital investments related to addressing historic racial inequities. As such, Durham should consider piloting significant policy engagement related to the black business community that is reparative in nature. The basis of this reparative investment must be capital.

In Durham, a key past harm related to the current condition of the black community is the city's particular role in the destruction of the historic Hayti community, inclusive of the black business community. The construction of the Durham Freeway through the heart of Hayti, destroying, by some estimates, hundreds of businesses and thousands of homes, simultaneously destroyed the economic base of the black community.

However, highway construction as a mechanism for leveling black communities and black owned businesses was a national phenomenon, supported, in large measure, by federal funding. Nashville, Tennessee, New Orleans, Louisiana, Montgomery, Alabama, Kansas City, Missouri, St. Paul, Minnesota, Tampa-St. Petersburg, Orlando, and Jacksonville, Florida, Atlanta, Georgia, Columbia, South Carolina, Los Angeles, California, Camden, New Jersey, Charlotte, North Carolina, and Milwaukee, Wisconsin, all are examples of cities where black business districts and stable black communities

were gutted by the location of federally financed highways in their midst (Mohl 2008).

The inadequate response from America's federal government towards African American businesses, including those in Durham, sets the stage for public and private reparative justice in Durham. Actionable policy should directly address the impact of the COVID-19 Pandemic on Durham's black business community and black economic infrastructure. However, such policy should also be reflective of the status and condition of Durham's black business community prior to the pandemic that were results of the damages directly caused by the Durham Freeway construction, as well as the many decades of under- and lack of investment in the community.

To begin to rectify past and present harms, it will be important for Durham to put forth a bold plan for investments in its black economic ecosystem. These efforts and actions will be neither inexpensive nor swift, but they must begin immediately and remain constant. These short-, medium-, and long-term policy interventions were necessary components of any successful up-building of Durham's black business community prior to the pandemic; they are even more transparently essential following the COVID-19 pandemic.

■ Short-Term, Medium-Term, and Long-Term Interventions

FIGURE 5. Needed COVID-19 Tiered Responses for Durham Black-Owned Businesses

Short-Term	Medium-Term	Long-Term
<ul style="list-style-type: none"> ➤ Immediate Cash Infusions 	<ul style="list-style-type: none"> ➤ Strategic Technical Assistance ➤ COVID-related opportunities 	<ul style="list-style-type: none"> ➤ Procurement & Supply Chain ➤ Partnerships ➤ Investment

Source: Authors

Short-Term: Immediate Cash Infusions

Durham should take knowledge learned from the Durham Small Business Recovery Fund and structure a program to support locally owned black business firms that focuses on grant capital versus loan capital. Black firms in Durham need access to immediate capital, but capital that will not encumber their future survival, but will instead enhance it.

The CARES Act, specifically the Paycheck Protection Program, and especially in the first round, failed to adequately reach the most vulnerable and neediest businesses – which includes the majority of black-owned firms in America. The second round, and subsequent attempts, did not and have not fared much better even with such targeting language.

Though Durham's economy continues to reopen, many black businesses continue to struggle with future uncertainty. Immediate funds would be helpful in stabilizing the black business ecosystem where it is and reduce the possibility of further loss of such establishments in Durham. But it is also critical to find the most direct way to get cash to black business owners. Cash is king. Thus far, with PPP, the primary vehicles for cash distributions have been traditional banks, a reality which has worked against black-owned businesses. Continuing to operate a Durham grant program via the Carolina Small Business Development Fund would likely be an efficient way to expand the impact of grants.

The City and County governments of Durham should allocate significant funding to such a grant pool, targeted at historically underutilized businesses. To create such a grant program, the local governments would have to consult with their respective legal counsels to understand the constraints they have on providing such funds since this capital might seem to be in "competition" with the private sector — which might be considered illegal. However, the public governments might be able to create incentive agreements with Durham's black-owned businesses focused on community benefit agreements of sorts (based on the impact they will have on the overall black community).

Finally, an additional aspect of the immediate cash grant program could allow for retroactive grant making to black-owned firms that shuttered their doors as a consequence of inadequate and inequitable distribution of original PPP funding. In other words, if a black business owner in Durham can prove they had a business prior to COVID-19, and were denied an adequate opportunity to save their business, they would be able to get a retroactive loan or grant to restart their firm.

Medium-Term: Market-based Strategic Technical Assistance and Connective Opportunities for Durham's Black-Owned Businesses

Though immediate capital grants allow for short-term survival of Durham's African American businesses in the midst of the ongoing pandemic, and tepid reopening of the economy, it fails to adequately address the future positioning of those businesses in the broader marketplace. To some extent, the majority of Durham's black-owned businesses, even pre-pandemic, were simply – and barely — surviving. The goal should be to move a greater share of those firms from an existence that is one of merely surviving to one of thriving. In order to achieve this, black-owned firms in Durham will need to both adjust to the modified and truncated pandemic-induced marketplace, as well as position themselves more strongly for the post-pandemic return to a fully opened economy. This will require a medium-term response and intervention to support these local black businesses.

Strategic Technical Assistance

To support the former, adjusting to a modified marketplace, black-owned firms must be supported in this transition – which must also be on a hastened schedule – to ensure as markets are reopened that black-owned firms can take advantage of new knowledge. As the marketplace has shifted, so have the parameters for operating. Some black-owned businesses, because of limited capital resources in the past or just outdated operational strategies, have been unable to evolve with the pandemic marketplace – and prior. For instance, some cash and carry businesses might need assistance moving to operations that are inclusive of the acceptance of debit and credit cards, utilizing online and mobile application transactions. This type of technical assistance (TA) would have both immediate and long-term positive impact on the business, allowing them to remain operational during truncated marketplace conditions, as well as being better positioned after those conditions have normalized – or whatever this new normal will be.

Many business sectors could benefit from market-based strategic technical assistance for a post-COVID world. A broad range of black-owned firms could take advantage of such a resource. Durham should work with strategic partners, such as the Greater Durham Black Chamber, to inventory the black business ecosystem in the city (see Appendix). These businesses can be invited to take part in the Durham Strategic TA Capital Access Program.

Such strategic assistance could range from traditional areas such as legal and accounting advice to more non-traditional advisory like intellectual property to certification of these businesses. Though these skills and designations were equally important prior to the pandemic, they might allow black-owned firms to better position themselves for post-pandemic opportunities. Technical assistance should be strategic to the firm's competitive positioning, as opposed to arbitrarily chosen topics. Consequently, black-owned firms in Durham should be able to procure these services from any provider in the marketplace, and not rely on having to go through government-specific programs. Business owners and entrepreneurs should be able to engage in broader training activities that would support the growth of development of them, their employees, and their firms, inclusive of educational workshops and higher education courses.

Connections

Durham has an array of black-owned firms that are at different stages of their development and journey. These firms might also benefit from additional reskilling or retooling, but could already be positioned to take advantage of opportunities that present themselves. Durham local governments can survey the local landscape to identify real and immediate, as well as ongoing, COVID-19 related opportunities that can be subsequently connected to and procured to qualified black-owned firms.

Long-Term: Scaled Up Public and Private Investment and Opportunity for Durham's Black Businesses

It will not matter if short-term strategies of cash grants, and medium-term strategies of strategic technical assistance and COVID-related opportunities, position Durham's black-owned firms for a future of wider prospects if those wider prospects never materialize. As the old axiom professes, "culture trumps policies every time." Though inclusionary policy is important at the local government level, as are devoted and enthusiastic diversity, equity, and inclusion champions, if measurable impact towards equity is the desire, Durham must change enduring cultural practices that have become innate operational practices.

Increasing Inclusive Procurement for Durham's Black Businesses

Both public and private entities that operate in Durham should reevaluate their procurement portfolios, supply

chains, policies, and practices – as well as the culture that drives them. Many of these cultural practices have adopted automatic diversity goals of 10 percent of procurement opportunities, even though diverse populations comprise a much larger share of the local population. For example, Durham has an African American population of nearly 38 percent, a Hispanic population of over 13 percent, and a 5 percent Asian population. Even a procurement "stretch" goal of 25 percent, does not equitably equate to the 60 percent of diverse residents in the community. Consequently, a first-step toward economic equity is for Durham's public and private sector players to reconstitute their procurement goals to be more reflective of the local community's changing demographic landscape.

Sliding racial procurement goals should be adopted based on the demography of Durham. This would create a greater probability that local tax payments or consumer dollars paid and spent by the black community would recycle back through Durham's black community economic ecosystem, as well as other racial and ethnic groups.

Incentivizing Durham's Black Business Development

White-owned firms are constantly presented with and offered recruitment incentive packages that include billions of dollars in tax credits, workforce development investment, and property/site development subsidies. These economic development incentives are leveraged at both the state and local levels and are a significant part of Durham's economic development strategy. Black-owned firms rarely, if ever, receive access to local Durham subsidies. Such disparate racial activities further widen the associated business inequity and wealth gaps. Durham's public bodies should prepare for a post-pandemic landscape that supports black business growth and expansion through leveraging dedicated efforts and resources to black-focused public-private partnerships.

These short-, medium-, and long-term activities each require investments of time, energy, effort and capital. They have the potential to positively impact the black business landscape in Durham. These strategies should be coupled with broader efforts in the city to create the most robust ecosystem for developing black entrepreneurs and ultimately successful black-owned businesses. This will entail changing the current culture of black entrepreneurial development in Durham through more narrowly focused strategy and measurement.

7.2 Broad Transformation: Changing Durham’s Inclusive Entrepreneurial Culture

FIGURE 6. Key Strategies for Permanent Transformation of U.S. Black Business Competitive Ecosystem

<p>STRATEGY 1: Increase Diversity of Black Entrepreneurial Pipeline</p>	<p>STRATEGY 3: Increase Scale and Diversity of Capital Available to Black Entrepreneurs and Businesses</p>
<p>STRATEGY 2: Expand Place and Space Available to Black Businesses</p>	<p>STRATEGY 4: Removal of Barriers for Black Entrepreneurs and Businesses</p>

Source: Authors

Developing Durham’s Black Entrepreneurial Pipeline

Firstly, Durham’s black entrepreneurship pipeline must be broadened, strengthened, and diversified – specifically relative to sector and industry diversity. Black entrepreneurs are often pigeon-holed into narrow constructs within key industries, expected to only engage in entrepreneurial efforts related to their race/ethnicity, or aggregated into low-margin and low-wealth service sectors. Lifestyle businesses such as barbershops, beauty salons, lawn care businesses, janitorial services, and handy services are fine undertakings, but cannot be the sole or primary representatives in a business ecosystem that expects to thrive and create wealth for the broader community. Durham should assess emerging industries and opportunities relevant to the local economy and support the development of black-founded and owned firms to engage in those activities. This engagement should not simply be at the peripheral level, but also as leaders in these locally important and growing industries and sectors.

The implementation of this strategy must pay a particular focus on increasing the representative pipeline of black-owned firms with paid employees and those that operate nationally and globally. Each of these various pipelines – industry, size, and type – will regenerate themselves once adequately up-built. At that point, successful mentor-entrepreneurs and businesses from Durham’s black community will support the next generation of black individuals and firms through inspiration, experiential opportunities, social networks,

familial networks, employment, and financial support (i.e., entrepreneurial capital), ensuring a pipeline of skilled black entrepreneurs, and more racially equitable business outcomes in perpetuity.

As an important component of Durham’s black entrepreneurial pipeline development, the local public bodies should aim to ensure that young black youth be exposed to innovative environments as early as possible. Research suggests that the younger children are introduced to innovation, the more likely they are to develop innovative ideas as adults.

Developing Diversity of Place and Space for Durham’s Black Businesses

A second strategy critical to the broader success of African American businesses in Durham is expansion of geographic, place-based diversity. Durham’s black-owned businesses should not be resigned to exist only in the city’s lowest-income and highest-poverty census tracts nor exclusively in racially monolithic ones. Commercial and retail gentrification has occurred in parallel to residential gentrification in Durham. The economic integration of Durham went one way following social integration and the construction of the Durham Freeway – with black dollars going into the white business ecosystem of the city. This coupled with a lack of investment in the black physical infrastructure of Durham has left Black Durham economically hollowed out. Consequently, black-owned firms in Durham have gotten pushed into the most economically desolate zip codes, until those zip codes themselves begin to

gentrify, at which time those same increasingly-nomadic black-owned firms get pushed into ever poorer areas (if they exist), or shuttered all together. Thus, a firm's geographic location in Durham can be either a wealth generator or a wealth stripper.

Durham's black-owned businesses should be given strategic resources and help in positioning themselves within valuable real estate areas. In addition, these firms should be given the opportunity to lead and anchor those efforts when revitalization is happening along historically black corridors. In Durham, these areas include the Fayetteville Street Corridor and Northeast Central Durham, among other historically black areas. Financial resources or government-owned property in Durham should be made available to support real estate positioning to ensure that black firms are not left out of high trafficked and high growth, non-minority areas of the city. Such expanded geographic positioning will allow Durham's black-owned firms to capture more diverse dollars.

Helping Durham's Black-Owned Businesses Access More Diverse Capital Sources

Thirdly, but most importantly, the scale and diversity of capital available to black-owned firms, and the entrepreneurs who create them, must be central to any strategy to broaden the business success landscape in Durham. Capital connects to both previous strategies – pipeline development and geographic positioning – in crucial ways. Without adequate access to capital, it stymies not only the types of industries and sectors that Durham's black entrepreneurs can enter, but also what types of entrepreneurs will even attempt to enter the market. Local industries with high capital barriers to entry are often those which have the potential to generate the greatest wealth. Durham's black entrepreneurs must have access to capital to pursue higher risk, higher opportunities.

In addition, geographic positioning in the highest growth areas of Durham also requires access to substantial, and often patient capital. Current capital available to black-owned businesses are both limited and restrictive. Unquestionably, black entrepreneurs and businesses in Durham need access to more equitable bank credit, but they also need access to more diverse kinds of capital as well. Most critically, they need access to venture, equity, and more flexible forms of capital at significantly greater and equitable scales. Equity capital

allows firms to grow faster, and create more wealth, than debt does. If the Durham black business ecosystem is to ever equitably compete and compare to their demographic counterparts, they will have to access significantly more capital. Durham public bodies should find creative ways to provide equity-like capital to the city's black-owned businesses.

Removing Barriers for Durham's Black Businesses

Finally, the fourth strategy needed to ensure an equitable environment where black-owned firms can innately thrive across Durham is to remove all remaining barriers not captured in the previous three strategies. This category is meant to be fluid and broad, with little definition. Durham's African American-owned businesses have not suffered because of one or two racist policies or practices, though some are certainly more inherently debilitating and incapacitating than others. Instead, black-owned firms have had their success suppressed by the sheer magnitude and velocity of the barriers – entrepreneurial, business, and economic death by a thousand paper cuts. Truthful conversations should be conducted with Durham's black entrepreneurs and firm owners to capture information on the myriad of barriers that they face on a routine basis, which causes individual and collective harm to the entrepreneurs, businesses, and the overall Durham black business ecosystem. The Durham public sector should aim to systematically remove as many needless barriers to black business success as possible.

Undertaken collectively, cooperatively, and consistently, these four broad complementary strategies have the potential to provide the groundwork for an entrepreneurial and business ecosystem evolution that supports robust black entrepreneurial growth in Durham. The most important aspect is to normalize both black business inclusion and success in Durham and to expand its relevance beyond diversity and inclusion cycles into the regular culture of the city. A sustained and significant Durham commitment to invest in these strategies post-COVID-19, would initiate this important effort. Durham's current inequitable landscape did not happen overnight, and it will not be cured overnight. However, the most effective process for Durham to be successful in permanently changing its black entrepreneurial culture is to key in on the proper measurements (Figure 7).

7.3 Monitoring Specifics

FIGURE 7. Six Key Metrics for Monitoring Overall Black Firm Progress in Durham

<p>MEASUREMENT 1: Number/Share of Black Businesses with Paid Employees</p>	<p>MEASUREMENT 3: Amount/Share of Diverse Public Capital available to and invested in Black Entrepreneurs and Black Businesses</p>	<p>MEASUREMENT 5: Geographic dispersion of Black Businesses Across Diverse Economic Zip Codes</p>
<p>MEASUREMENT 2: Amount/Share of Black Business Revenue with Paid Employees</p>	<p>MEASUREMENT 4: Amount/Share of Diverse Private Capital available to and invested in Black Entrepreneurs and Black Businesses</p>	<p>MEASUREMENT 6: Number of Black Children being introduced to innovative environments in elementary, middle, high school; college; and beyond</p>

Source: Authors

Any meaningful undertaking without definitive metrics to track progression towards success is one that is doomed to fail. This proposed effort is no different.

Benchmarking Equity in Durham

As an anchoring benchmark, Durham’s demographic population share should be used as a reflective and suitable guide of equity and distributive outcomes in business and entrepreneurial related statistics. In other words, Durham’s black resident population of nearly 38 percent should be matched with nearly 38 percent of business and revenue share. This measurement benchmark will allow city leadership to track Durham’s progress towards equity and the impacts of various policy strategies on this pursuit.

Durham’s Investment into the Up-building of Durham’s Black Business Ecosystem

As a means of addressing both the negative COVID-related impacts of black businesses in Durham, and the previous harms imposed on the local black business ecosystem, as well as strengthening the future black economic infrastructure, Durham policy must focus on a long-term and permanent commitment of reparative investment. To facilitate such an ongoing investment – and investments – Durham should create a “local block grant” program dedicated to this equitable up-building.

A block grant program dedicated to African American business owners in Durham could include some of the same capital-matching components of the federal Community Development Block Grant (CDBG) program but allow Durham the flexibility to partner with other resourced institutions to get funding onto the street more broadly and more quickly. Durham's program could be a model for a federally funded block grant program for supporting the ongoing reparative up-building of the black economy.

The American Rescue Plan with \$350 billion of the \$1.9 trillion total designated for local and state government control.⁴ Durham received several hundred million dollars in American Rescue Plan aid. Since these federal funds are encouraged to be used to address historic racial inequities, Durham should apportion a significant amount of its funds to to address past and current harms to Durham's black business ecosystem.

Durham's Black Business Block Grant Program would be the repository for all the capital funds utilized to support the short-, medium-, and long-term solutions expressed in this section. The City and County of Durham should collectively allocate at least \$20 million of federal Rescue Act 2021 funds to this effort as a pilot and down payment to local economic activities. Furthermore, Durham City and County officials should include permanent annual budget allocations into this local block grant program. These associated funds should be as flexible as possible for Durham's black businesses to access, and should be operate principally as grant or equity dollars (as opposed to debt).

⁴ The White House (2021, April 28). Fact Sheet: The American Families Plan. Available at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan>.

■ Appendices – History

Chronology of Select Events In African American Life

1865

- The Thirteenth Amendment to the U. S. Constitution abolishes slavery.

1866

- Praise services are held in the home of Mrs. Margaret Faucette on Pettigrew and Husband streets, which would later be known as the White Rock Baptist Church, Durham, North Carolina. This congregation was the first black church established in Durham by blacks.
- The first known Juneteenth celebration was held in Texas and was known as "Jubilee Day".

1868

- African Methodist Episcopal Zion minister Rev. James Walker Hood (later Bishop) served as Asst. Superintendent Public Instruction for the state of North Carolina, from 1868-1970. He later became a founder of Livingstone College in Salisbury, North Carolina.

1869

- Durham is incorporated as a township of Orange County.
- St. Joseph African Methodist Episcopal Church opens in a little log cabin on Fayetteville Street.

1870

- Congress passes Fifteenth Amendment, which gives blacks the right to vote.

1874

- Washington Duke, along with sons Benjamin Newton and James Buchanan "Buck" Duke, builds first tobacco factory.

1875

- The Civil Rights Bill of 1875 provides for equal access to public accommodations without regard to race.

1877

- The removal of federal troops out of the south ushered in the end of the political, civil, and legal rights enjoyed by African Americans during Reconstruction.

1880

- John Merrick, pioneer business leader, comes to Durham as a barber. He invests in real estate, builds his own home, and builds rental properties.

1881

- Durham County is created.

1883

- The Royal Knights of King David a fraternal insurance society was formed.

1884

- A large public school for black children was located on South Street. James A. Whitted was a pioneer in public education in Durham. Other black schools included the Ledger public school in Hayti and the Hack Road School with J. A. Whitted as superintendent. Three to four hundred students were enrolled.

1892

- The first known and recorded black college football game was played on Thanksgiving day, between Biddle University (now Johnson C. Smith University) (Charlotte, NC) and Livingstone College (Salisbury, NC).

1894

- Noted reformer Ida B. Wells begins a national anti-lynching campaign.

1895

- Dr. Aaron M. Moore helps to organize a community pharmacy and drug store in Durham for the benefit of black citizens and to help black druggists gain experience and obtain a business. The Durham Drug Company was formed during this year. The Durham Drug Company was formed by Dr. Moore, William G. Pearson, Dr. Jesse A. Dodson, pharmacist, Richard B. Fitzgerald, and Dr. James E. Shepard, pharmacist.

1896

- The Supreme Court upheld segregation in its "separate but equal" doctrine set forth in the Plessy vs. Ferguson decision in 1896.
- Warren C. Coleman, opened the Coleman Manufacturing Company, the nation's first African American owned and operated textile factory with support from Durham businessmen Richard Fitzgerald and Washington Duke. The mill only operated a brief period of time under white supervision and was sold at auction in 1904.

1898

- North Carolina Mutual and Provident Insurance is established on October 20, 1898, founders included Dr. A. M. Moore, John Merrick, W. G. Pearson, D. T. Watson, Dr. James E. Shepard, Pinkney W. Dawkins, and E. A. Johnson. In 1919 the name of the company was changed to North Carolina Mutual Life Insurance Company.

1899

- The Wilmington Race Riot occurred. Charging "Negro Domination," the Democratic Party overthrew the Populist Party in the white supremacy campaign. Democrats then excluded blacks from the party.

1899-1905

- Dr. James E. Shepard was appointed by President Theodore Roosevelt to serve as Deputy Collector of United States Revenue in Raleigh, NC.

1900

- Durham's population, according to the federal census, is 6,679. The population of Durham County is listed at 26, 233.
- Booker T. Washington founded the National Negro Business League.
- The "Grandfather Clause" adopted, which denied blacks the right to vote.

1901

- Representative George H. White left Congress. It would be more than twenty years before another black served in the United States House of Representatives. He was first elected from North Carolina in 1896 and was reelected in 1898.
- Ground broken for Lincoln Hospital. Lincoln Hospital was incorporated and founded by Dr. A. M. Moore, Dr. Stanford L. Warren, John Merrick, and through the generosity of the Duke family (Washington, Benjamin N. and James B.). The first trustees were Dr. Moore, Dr. Warren, Dr. J. A. Dodson, A. A. Armstrong, A. P. Moore, George W. Stephens, J. W. O'Daniels, D. F. Watson, C. C. Spaulding, M. H. Christmas, and Dr. J. E. Shepard.

1907

- Mechanics and Farmers Bank established in Durham to provide needed banking services to the black community. It opened in 1908. Directors were Richard B. Fitzgerald, President and Founder, William G. Pearson, James E. Shepard, John Merrick, J. A. Dodson, C. C. Spaulding, W. G. Stephens, Dr. A. M. Moore, and Dr. Stanford L. Warren.
- Scarborough and Hargett Funeral Home was established on Main Street. John C. Scarborough, Sr., came from Kinston, N. C., with his wife Daisy Hargett to begin what is now a six generation funeral service in the Durham community.
- February, two men are hanged in Durham, one for murder, the other for rape. These were the only executions in Durham's early history.
- Durham's first black newspaper, Durham Negro Observer, is published.

1908

- Drs. S. T. James and James W. Pearson opened Bull City Drug Company, the second drug store in Durham formed by blacks for blacks.

1909

- National Association for the Advancement of Colored People is founded.
- The citywide Civic Association or Civic League is established "for the cultivation of higher ideals of civic life and beauty in Durham." Its main projects included a cleanup of public buildings, the railroad station, and vacant lots and the founding of clinics for the treatment of infants.
- National Religious Training School and Chautauqua was chartered and the school opened to its first students on July 10, 1910. Many of the first students went onto supply the many businesses that were established in Hayti and in the Parrish Street business district. B. N. Duke purchased the land for school from the Durham Merchants Association. The school would later be designated the first black state supported liberal arts institution in the world.

1910

- Merrick-Moore-Spaulding Real Estate Company is established.
- Booker T. Washington and his entourage visit Durham in a tour through towns and cities in North Carolina.
- Nationally, the black press extols Durham as the "Mecca" for blacks, "The Black Wall Street of America," the "Capital of the Black Business Class," and the "Magic City."

1911

- Part of Wake County is annexed to Durham County.
- National Urban League is formed to care for migrants moving from the South in search of jobs, education, and social mobility.

1912

- Dr. W. E. B. Du Bois visits Durham and notes its thriving black middle class. Writing in the *World's Work*, he reports 15 grocery stores, 8 barbershops, 7 meat and fish dealers, 2 drugstores, a shoe store, a haberdashery, and an undertaker.

1913

- The second black library in North Carolina, the Durham Colored Library is founded by Dr. A. M. Moore in the Baraca, a borrowed room in the White Rock Baptist Church, with 799 books. In 1940, it was renamed the Stanford L. Warren Public Library.

1914

- The Durham Textile Mill was organized in 1914, by John Merrick, Dr. A. M. Moore, C. C. Spaulding and managed by C. C. Amey. This institution manufactured socks and was later sold in 1915.
- World War I begins.

1915

- Dr. Booker T. Washington dies.
- Woolworth building was built on Parrish Street

1916

- Durham Colored Library opens for service to the public on August 14th. Mrs. Hattie B. Wooten becomes the first Library Director of the Durham Colored Library. She holds the position until her death in November 1932.

1917

- U.S. enters World War I.
- Daughters of Dorcas Club is formed at the request of Dr. A. M. Moore.

1918

- World War I ends.

1919

- John Merrick dies on August 6, 1919, at age 60.

1920

- The Nineteenth Amendment to the U.S. Constitution is ratified, granting women the right to franchise (vote).
- The Bankers Fire Insurance Company is the only Stock Fire Insurance Company in the nation.
- The Board of Directors of North Carolina Mutual hired the Rose and Rose Architectural Firm of Durham to create the design and plans for the building.

1921

- The Mutual Building and Loan Association was organized serving as a Thrift agency that services thousands of homeowners.
- The Durham Commercial Security Company was organized as an underwriting agency and holder of mortgages and security.
- The Damp Wash Steam Laundry was organized and provided employment for fifty persons at the time.
- North Carolina Mutual new headquarters is dedicated and the six story home office building was built at a cost of \$250,000 on the site of the first home office on Parrish Street.

1923

- The U.S. Department of Labor reports that half a million African Americans migrated out of the South in the preceding year.
- Dr. A. M. Moore dies on April 29, 1923, at age 59.
- C. C. Spaulding, Sr., is named president of North Carolina Mutual Life Insurance Company and served until his death in 1952.

1925

- The State of North Carolina approved North Carolina College for Negroes as a four year institution, thus becoming the first state supported liberal arts institution for blacks in the nation.
- Henry M. Michaux, Sr., established the Union Insurance and Realty Co., Inc., which was a real estate and insurance firm.

1926

- Louis E. Austin, editor and publisher, founded the Carolina Times with its slogan "The Truth Unbridled," a black weekly newspaper still in publication today.
- Southern Fidelity Mutual Insurance Company was organized by William G. Pearson, with support from North Carolina Mutual. The institution sold automobile and health insurance, refinanced mortgages, granted long-term loans, and dealt in stocks and bonds.

1929

- Stock market crash begins Great Depression.

1933

- Attorney Conrad O. Pearson filed an action on behalf of Thomas R. Hocutt against the University of North Carolina. This case was the forerunner of all civil rights actions brought in the desegregation of state-supported universities throughout the South.

1934

- The Service Printing Company was organized to service the expanding needs of black businesses.

1935

- The Durham Committee on Negro Affairs is created to provide a public base for the black community. The founders were C. C. Spaulding, Dr. James E. Shepard, James T. Taylor, William D. Hill, Robert L. McDougald, William J. Kennedy, Jr., Louis E. Austin, and Rencher N. Harris.
- The National Council of Negro Women was founded and organized on December 5, 1935, in Washington, D.C., by famed educator Dr. Mary McLeod Bethune. The organization consisted of a coalition of 28 black and other minority organizations, working collectively for the advancement of the African American community.
- The North Carolina State Department of Public Instruction, the University of North Carolina, and Duke University established the Division of Cooperation in Education and Race Relations.

1936

- More than 5 ½ million dollars were poured into Durham County by New Deal agencies under the Roosevelt administration.

1938

- The Durham Business and Professional Chain is begun as an institution that provides advice to black businesses in Durham.

1939

- World War II begins.

1940

- A School of Law is established at North Carolina College for Negroes, one of only four historically African American law schools in the United States.

1942

- U.S. rations food, fuel oil, and gasoline.

1944

- The S. S. John Merrick was launched in Wilmington, North Carolina.

1947

- Dr. James E. Shepard, founder and first president of North Carolina College for Negroes, died on October 6, 1947. The physical plant of the newly renamed North Carolina College at Durham was worth \$2 million dollars, with state appropriations that year of an additional \$2 million dollars.
- North Carolina Mutual Board of Directors approved the installation of a modern air conditioning system in the building for the first time.

1952

- Tuskegee Institute (University) reported for the first time in seventy-one years of recording that there were no lynching's in America.
- William J. Kennedy, Jr., was elected president of North Carolina Mutual upon the death of C. C. Spaulding, Sr. He served from 1952 to 1958 and authored the company's history entitled the North Carolina Mutual Story.

1954

- U. S. Supreme Court ruled in the landmark Brown vs. Board of Education of Topeka Kansas that segregated public schools were unconstitutional.
- North Carolina Mutual had \$200,000,000 of insurance in force.

1956

- Rencher N. Harris becomes the first black appointee to the Durham City School Board. Members at that time were appointed by the Durham City Council.

1957

- Seven blacks are arrested for conducting a peaceful sit-in at the Royal Ice Cream Company in downtown Durham. This was one the first civil rights sit-ins.
- John S. "Shag" Stewart is elected second black city councilman. He served from 1957 to 1973.
- The Civil Rights Commission and the Civil Rights Division of the Department of Justice were established.

1959

- Research operations begin at Research Triangle Institute.

1960

- Greensboro sit-in occurred on February 1, 1960, by four North Carolina Agricultural and Technical State University Students. The movement spread to fifteen southern cities in five states including Durham on February 8, 1960, led by North Carolina College at Durham and Hillside High School students.
- Rev. Dr. Martin Luther King, Jr., addressed the congregation of the White Rock Baptist Church on February 16, 1960, with his history making "Fill up the jails" civil rights speech, following the famous Durham Woolworth's lunch counter sit-in on February 8, 1960.
- Irwin Holmes, Jr., became the first African American student to graduate from North Carolina State University. He was also among the first black athlete's to letter in the Atlantic Coast Conference (tennis). He and three others became the first African American undergraduate students in the fall of 1956.

1961

- Duke University board of trustees announces that undergraduate students will be admitted without regard to race.

1963

- A peaceful sit-in at the Howard Johnson Restaurant results in the arrest of black demonstrators.
- President John F. Kennedy is assassinated.
- Southern Fidelity Mutual Insurance Company merged with the Banker's Fire and Casualty Insurance Company of Durham.
- On August 28, 1963, the "March on Washington" is held, with over 250,000 people in attendance at the Lincoln Memorial to push Congress to pass a civil rights bill.

1964

- The Civil Rights Act of 1964 prohibits discrimination in public accommodations and in employment.

1965

- The Voting Rights Act is passed by Congress.
- Mechanics and Farmers Bank purchased the North Carolina Mutual Building.

1966

- IBM moves to Research Triangle Park.
- Attorney Floyd B. McKissick was named National Director of Congress of Racial Equality (C.O.R.E.).
- North Carolina Mutual moves into its new headquarters on West Chapel Hill Street.
- The Supreme Court ruled that any poll tax is unconstitutional.

1968

- United Durham Inc., is established to create an industrial park for black businesses.
- Dr. Martin Luther King is assassinated on April 4, 1968.
- Dr. Reginald A. Hawkins-noted dentist, minister, and activist from Charlotte was a candidate for governor in the North Carolina Democratic primaries and received 20 percent of the vote, and was again a candidate in 1972 when he forced his opponent into a run-off.
- Henry E. Frye, lawyer, educator, and bank president became the first African American elected to the North Carolina House of Representatives, and was re – elected in 1970 and 1972. He was a member of the board of directors, North Carolina Mutual Life Insurance Company, and an organizer and president of the Greensboro National Bank before serving as a justice on the North Carolina Supreme Court and later the first African American Chief Justice.

1969

- Malcolm X Liberation University was founded in Durham and later moved to Greensboro.
- North Carolina College was given university status by the North Carolina General Assembly and was renamed North Carolina Central University.

1970

- Rev. Joy J. Johnson, a native of Laurel Hill, N. C., was elected to the N.C. House of Representatives as only the second African American in the twentieth century so elected.

1971-1972

- Ruth B. Jones, of Rocky Mount, N.C., served as the first African American and first woman President of the North Carolina Association of Educators; and organized the Political Action Committee for Education (PACE) and Women's Caucus.

1972

- Attorney Floyd B. McKissick founded Soul City, the new township that focused on economic empowerment in Warrenton, North Carolina.

1973

- Josephine Dobbs Clement becomes the first black woman to serve on the Durham City Board of Education.

1975

- North Carolina Mutual and Mechanics and Farmers Bank Building are declared a National Historic Landmark by the National Park Service.

1976

- The "Wilmington 10" were convicted of firebombing a grocery store in 1971.

1980

- Durham College — formerly known as Durham Business College founded in 1947 by Dr. Lucinda Harris— closes; it was one of the earliest black business colleges in the nation.

1981

- United States District Judge Franklin T. Dupree, Jr., (Raleigh) signed a consent decree filed by the University of North Carolina and the U. S. Department of Education that resolved an 11-year dispute over the University's compliance with Title Six of the Civil Rights Act.

1983

- President Ronald Reagan signed a law that made the third Monday in January the Martin Luther King, Jr., Day a federal holiday after many years of lobbying and protests.

1986

- The North Carolina Legislative Black Caucus Foundation, Inc. a 501(c)(3) nonprofit organization was founded in 1986 for the purpose of providing and supporting African American college students through educational programs, scholarships, internships, and for the support of students attending North Carolina HBCU's.

1987

- The Charlotte Hawkins Brown State Historic Site opened to the public on the campus of the former Palmer Memorial Institute in Sedalia, N.C. This was the state of North Carolina's only historic site dedicated to an African American and a woman.

1989

- Chester Jenkins was elected Durham's first black mayor. Also, eight of the 13 city council members are black.

1998

- Woolworth chain donated the building to the City of Durham.

1999

- North Carolina Institute of Minority Economic Development purchased the North Carolina Mutual and Mechanics and Farmers Bank Building from Mechanics and Farmers Bank.
- North Carolina Central University Chancellor Julius L. Chambers secured \$12 million from the State of North Carolina General Assembly to establish the first of two research centers. The Julius L. Chambers Biomedical/ Biotechnology Research Institute (BBRI) was dedicated in his honor in 1999 and as serves as an anchor for research relative to medical conditions associated with African Americans.

2003

- City of Durham voted to raze the Woolworth Building instead of decontaminating the building.

2004

- State of North Carolina erected a historic marker titled "Black Wall Street" at the corner of Parrish and Mangum streets.

2006

- Durham City Council voted in the affirmative to increase awareness of Parrish Street with new historic displays, heritage tours, and public art.

2008

- The housing and financial crisis of 2008 was the largest and most sustained since the Great Depression. The recession began in 2007 and ended in June 2009.

2015

- The 150th Anniversary of the 13th Amendment to the Constitution of the United States of America was held on December 6, 2015, at White Rock Baptist Church with United States Appeal Court Justice Judge Allyson K. Duncan as the keynote speaker.

2016

- The Indy Week newspaper authored a history of African American owned restaurants and the demise of many in a piece entitled "Blackout-Where Did Durham's African American owned restaurants go?" by columnist Eric Tullis.

2019

- The Samuel DuBois Cook Center on Social Equity at Duke University hosted a conference Capital Matters – Race, Gender and Entrepreneurship Conference on October 23 – 25, 2019.

2020

- The first confirmed case of Coronavirus is confirmed on January 21 in the United States. President Trump declares a national emergency in March 2020. The Cares Act is signed into law in March as well.

May 25, 2020

- George Floyd dies in police custody and a video recorded the murder and protests grow nationwide.

2021

- The Juneteenth Federal Holiday was signed into law by President Biden on June 17, 2021, at the White House.

■ Appendices – Data

TABLE A2: Racial Gap for ln(Loan Amounts) - Up to \$150,000

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
White Owner	0.255** (0.095)	0.135** (0.060)	0.124* (0.058)	0.094 (0.062)	0.110 (0.072)	0.015 (0.048)	-0.001 (0.042)
Black Owner	-0.463*** (0.063)	-0.283*** (0.042)	-0.270*** (0.041)	-0.234*** (0.038)	-0.229** (0.073)	-0.310*** (0.048)	-0.278*** (0.048)
Hispanic Owner	0.198 (0.115)	0.107 (0.158)	0.083 (0.151)	0.084 (0.146)	0.169 (0.126)	0.033 (0.163)	0.023 (0.146)
Asian Owner	0.012 (0.201)	-0.187 (0.118)	-0.190 (0.106)	-0.131 (0.092)	0.007 (0.095)	-0.103 (0.075)	-0.103 (0.091)
Native American Owner	1.052** (0.392)	0.678*** (0.166)	0.694*** (0.170)	0.563*** (0.167)	1.323** (0.443)	1.219** (0.433)	1.155** (0.442)
Jobs Reported		0.076*** (0.006)	0.080*** (0.005)	0.081*** (0.006)	0.073*** (0.005)	0.076*** (0.005)	0.074*** (0.005)
Veteran Owner		0.387*** (0.121)	0.420*** (0.129)	0.426** (0.152)	0.304** (0.120)	0.221 (0.126)	0.228* (0.121)
Female Owner		0.066 (0.045)	0.058 (0.055)	0.062 (0.049)	0.028 (0.054)	-0.055 (0.086)	-0.062 (0.076)
Corporation		0.552*** (0.055)	0.550*** (0.051)	0.481*** (0.049)	0.411*** (0.044)	0.408*** (0.046)	0.391*** (0.043)
Median Age (Zip Code)			0.280*** (0.003)	0.051*** (0.011)	-0.007 (0.013)	-0.021 (0.012)	-0.004 (0.011)
Median Income (Zip Code)			-0.000*** (0.000)	-0.000	0.000	0.000**	0.000
Bachelor or Higher % (Zip Code)			0.126*** (0.001)	0.035*** (0.005)	-0.001 (0.006)	-0.006 (0.006)	0.004 (0.005)
Inverse Mills Ratio						0.187** (0.072)	0.148* (0.072)
Zip FE	No	No	Yes	Yes	Yes	Yes	Yes
Industry FE	No	No	No	Yes	Yes	Yes	Yes
Lender FE	No	No	No	No	Yes	Yes	Yes
Month-Year FE	No	No	No	No	No	No	Yes
Observations	3885	3885	3859	3804	3804	3482	3482
Adjusted R²	0.008	0.330	0.349	0.369	0.430	0.434	0.447

TABLE A3: Racial Gap Across Samples for ln(Loan Amounts) - Up to \$150,000

	vs. All Other	vs. Unreported Race	vs. Reported White
Black Owner	-0.269*** (0.057)	-0.325*** (0.059)	-0.249 (0.147)
Jobs Reported	0.074*** (0.005)	0.078*** (0.007)	0.058*** (0.011)
Veteran Owner	0.271* (0.144)	0.188 (0.150)	-0.013 (0.081)
Female Owner	-0.065 (0.077)	-0.077 (0.115)	-0.182 (0.135)
Corporation	0.390*** (0.043)	0.382*** (0.048)	0.320* (0.164)
Median Age (Zip Code)	-0.005 (0.010)	0.050 (0.041)	0.000 (0.060)
Median Income (Zip Code)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Bachelor or Higher % (Zip Code)	0.004 (0.005)	0.027 (0.017)	-0.020 (0.033)
Inverse Mills Ratio	0.138 (0.085)	0.153** (0.064)	0.224 (0.233)
Zip FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes
Month-Year FE	Yes	Yes	Yes
Observations	3482	3196	329
Adjusted R²	0.447	0.451	0.468

TABLE A4: Racial and Gender Gap for ln(Loan Amounts) - Up to \$150,000

	vs. All Other	vs. Unreported Race	vs. Reported White
Black Owner=1	-0.300** (0.115)	-0.367*** (0.107)	-0.235 (0.269)
Female Owner=1	-0.079 (0.098)	-0.106 (0.123)	-0.167 (0.284)
Black Owner=1 # Female Owner=1	0.082 (0.216)	0.116 (0.187)	-0.037 (0.442)
Jobs Reported	0.074*** (0.005)	0.078*** (0.007)	0.057*** (0.011)
Veteran Owner	0.274* (0.148)	0.196 (0.156)	-0.017 (0.102)
Corporation	0.389*** (0.043)	0.382*** (0.048)	0.322* (0.149)
Median Age (Zip Code)	-0.006 (0.011)	0.050 (0.041)	-0.001 (0.070)
Median Income (Zip Code)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Bachelor or Higher % (Zip Code)	0.003 (0.005)	0.027 (0.016)	-0.021 (0.038)
Inverse Mills Ratio	0.141 (0.088)	0.157** (0.064)	0.227 (0.214)
Zip FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Lender FE	Yes	Yes	Yes
Month-Year FE	Yes	Yes	Yes
Observations	3482	3196	329
Adjusted R2	0.447	0.451	0.466

Appendix

TABLE A: A Selected List of Black-Owned Business in Durham

No.	Business Name	Zip Code	No.	Business Name	Zip Code
1	A Certified Trucking LLC	27701	29	Braids By Chrissy	27703
2	A'Mare Beauty Spa	27703	30	Brandon Washington	27701
3	A1 Lock & Safe	27705	31	Bright Black Candles	27701
4	Aaku Spa	27713	32	Bull City Butler LLC	27701
5	Abranova Building Company, Inc	27701	33	Bull City Car Wash	27705
6	Accessibull Healthcare	27704	34	Bull City Dental	27701
7	Acrospport Gymnastics	27712	35	Bull City Laughs Tours, LLC	27701
8	Afiya Hijama & Beadworks	27707	36	Bull City Music School	27707
9	African American Dance Ensemble	27701	37	Bull City Street Food	27704
10	Aggrandize Your Life	27703	38	Bull Run Transportation, Inc.	27713
11	Al Strong Music Production	27707	39	BullCity Apparel & Customs	27707
12	Alase Center for Enrichment	27713	40	Burthey Funeral Service	27707
13	All My Children Child Care Center	27707	41	Calculus Commercial	27701
14	Allison Family & Cosmetic Dentistry	27713	42	Candy Carver	27701
15	Amari Tech, Inc.	27704	43	Capital Seafood	27707
16	Amazing Athletes of Durham-Chapel Hill	27707	44	Catalyst Therapeutic Services, PLLC	27707
17	Amber Lynne Beauty	N/A	45	CheReversible	27707
18	Amelioron Corporation	27713	46	Chez Moi Bakery, LLC	27707
19	Andrain Horton	27707	47	Chicken Hut	27707
20	Andrea Smith	27707	48	Chisara Ventures INC	27705
21	Angel Beauty Bar	27703	49	Choice Cutts Barber/Styling	27701
22	Angel Smallwood	27701	50	Chonillo Marketing	N/A
23	Aplus Test Prep	27707	51	Cleaning Essentials	27715
24	Arnold Todd McClain, DDS, MS, PA	27713	52	Clemons Cosmetic and Family Dentistry	27717
25	Ashlaine Designs, LLC	27713	53	Cloud Ten Photography	N/A
26	Ashley Squared Salon	27703	54	Collision Specialists, LLC	27713
27	At Last Hair Salon	27707	55	Community Expert Solutions, LLC	27703
28	B & C Care System	27705	56	Community Health Coalition	27704

No.	Business Name	Zip Code	No.	Business Name	Zip Code
57	Back to Health Chiropractic Medical Center	27713	88	Conjure Cleaning	N/A
58	Backyard BBQ Pit	27713	89	Connoisseur Collective LLC	27705
59	Bailey Service	27703	90	Core Construction Southeast, Inc.	27707
60	Barz, LLC	N/A	91	Cotton Professional Center, Inc.	27707
61	Basic 2 Bombshell By Tia	27712	92	Craig Insurance Group Inc	27713
62	Beauty and Beyond Hair Gallery	27705	93	Creative Care Learning Academy	27704
63	Beleza Couture Studio Express	27707	94	Creative Caribbean Catering	27703
64	Bespoke Bakery and Dessert Bar	N/A	95	Crissy Shined Nails	27713
65	Beyú Caffè	27701	96	Crystal Griffin	27703
66	Big Baby Apparel, LLC	27713	97	Custom Creations by Murlande	N/A
67	Big C Waffles	27713	98	Custom Threadz, LLC	27703
68	Bklyn Bakery, LLC	27713	99	D Squared Visuals	N/A
69	Black Moon Art Jewels	27701	100	Dame's Chicken & Waffles	27701
70	Blackspace	27701	101	Desiree T. Palmer, DMD	27704
71	Blend of Soul LLC	N/A	102	Details Business Management Solutions	27703
72	Blooming Butterfly Academy	27703	103	Developing Equitable Economic Partnerships (DEEP), LLC	27701
73	Blush Essentials	27715	104	DeWhit Facility Services, LLC	27707
74	Bobbie James	N/A	105	DSTNY Lifestyle, LLC	N/A
75	Body Games Center	27705	106	Durham Family Medicine	27704
76	Boricua Soul	27701	107	Durham Vape Lounge	27704
77	Boxed Gift Boutique	N/A	108	Early Education Intervention Service	27701
78	BR3 Float & Cryo Studios	27713	109	Ebony Judd	27703
79	Ego Barber Lounge	27705	110	Jackie Moore Salon	27701
80	Elizabeth Ashley & Co	27713	111	Jalen Gaddy	27701
81	Ellis D. Jones & Sons, Inc.	27701	112	Jamaica Jamaica	27713
82	Ellis Herbs	27705	113	Jamice's Caveau De Vanité	N/A
83	Eminence Web Designs	N/A	114	JC's Kitchen	27701
84	Empower Dance Studio	27701	115	Jeddah's Tea	27701
85	Empowered Minds Academy, Non-Profit Corporation	27704	116	Jennifer Scarborough	27703
86	Evergreen Lawn Renovations	27713	117	Jessamyn Stanley	N/A
87	Every Black	N/A	118	Joel N Kalombo	27705

TABLE A: A Selected List of Black-Owned Business in Durham (Continued)

No.	Business Name	Zip Code	No.	Business Name	Zip Code
119	EVOKE Studio	27701	150	Jordan Plumbing and Maintenance, LLC	27704
120	Exotique	27701	151	Jordan's Racing Development	27704
121	EZ Rentalz	27703	152	Jumas Food Mart, LLC	27701
122	ezTagile	27709	153	Just the Right Tough Massage & Spa	27705
123	Farrar Family Dentistry	27707	154	Kay Styles	27701
124	FastFrame Durham	27707	155	Kente Lifestyle Apparel	N/A
125	Favor Desserts	27713	156	Kidz Kamp Drop-In Care, LLC	27705
126	Fikre Tadesse	27707	157	Kitisha Lawrence	27713
127	Fisher Memorial Funeral Parlor	27707	158	Klip King Lee	27703
128	Food For The Sole Inc	27713	159	Knox St. Studios	27705
129	Food That Fits You	27704	160	Kompleks Creative	27701
130	For Alma Home	27705	161	Kreative Kidz NC	27703
131	Franmoné Fragrances	N/A	162	La Wynn Pa	27713
132	Frasier & Griffin, PLLC	27701	163	Lajune Frazier	27704
133	Fred Quality Cuts	27713	164	Lakefront Retreat Near RDU Airport	27713
134	Frederica King	27703	165	Laphe's Hair Loss Clinic	27705
135	Gavin Christianson Bridal	27701	166	Latoya Bynum	27713
136	Geek Chic Fashion	27701	167	Lawrence Powell	27713
137	Gentleman Status Bowties	27705	168	Let's Eat Soul Food (Let's Eat HomeStyle)	27713
138	Geoffrey Bell	27712	169	Liberation Station Bookstore	N/A
139	George Stevens Insurance Agency, Inc.	27707	170	Lionel M. Nelson Dmd P.A.	27707
140	GMMC Digital	27701	171	Lionel Nelson Family & Cosmetic Dentistry	27707
141	Golden Krust Caribbean Restaurant	27703	172	Little Engine Academy	27704
142	Goorsha	27701	173	Logicnet Solutions, Inc.	27707
143	Gracie Rogers	27713	174	Loutricia Black	27701
144	Graham Solutions, LLC	27713	175	Lula and Sadie's	27701
145	H. Eugene Tatum III, Attorney	27701	176	M'zuri Lavish Collection	N/A
146	Hairzon	27705	177	M&M Tutoring Service	27707
147	Hanes Funeral Home	27703	178	Marquee Burton	27704
148	Harlem Beer Distributing	27703	179	Maya Chapman	27704
149	Harper's Parlour	27701	180	Meat and Graze	27709

No.	Business Name	Zip Code	No.	Business Name	Zip Code
181	Hayti Heritage Center	27701	212	Mechanics and Farmers Bank	27707
182	Head Mechanics Barbershop	27705	213	Melanie'S Styles	27704
183	Headen Photography	N/A	214	Melody Crumble	27713
184	Hersey Pharmacy	27707	215	Messick-Health Management & Associat- ed, LLC	27707
185	Hopkins Child Care Academy	27713	216	Mi Neighborhood Playhouse Too	27713
186	Hylton-Daniel Design	27701	217	Michelle Jackson	27704
187	iAmMe Girls, Non-Profit Corporation	27701	218	Mike D's BBQ	27703
188	Indulge Catering, LLC	27713	219	Mindful Bodies	27705
189	Inner City Youth & Boxing Center, Non-Profit Corporation	27701	220	More Than Therapy	27701
190	J&j Chicken and Fish	27703	221	Morehead Manor Bed and Breakfast	27701
191	Mufutau Adeyanju Elemikan	27703	222	Saltbox Seafood Joint	27701
192	Nailz + Beauty	27705	223	Saunte Furnace	27707
193	Nakeya Batts	27703	224	Scarborough & Hargett Celebration of Life Center, Inc	27701
194	Natty Neckware	27712	225	Scented Endearments LLC	27704
195	New School Investment	27703	226	Senior Health Services	27713
196	Ngozi Design	27701	227	Serenity Travel Experts	27703
197	Nicole Sainworla	27701	228	Shakia Fletcher	27701
198	Noila Family + Coffee	27701	229	Shaw's School of Karate	27705
199	Nora's African Groceries	27713	230	Shear Luxury Salon	27705
200	North Carolina Central University Founda- tion, Inc.	27707	231	Sheri Smallwood	27703
201	North Carolina Mutual Insurance Company	27701	232	Sho Nuff Seafood	27701
202	North Durham Citgo Gas Station	27704	233	Shot by 50mm Studios, LLC	27713
203	NorthStar Church of the Arts	27701	234	Sincerely Yours Salon	27705
204	Nothing Less Than Neet, LLC	27705	235	Skewers Bar & Grill	27701
205	Nuthin But Geez	27707	236	Skin Wellness Dermatology Associates	27713
206	Nzinga's Café & Restaurant	27701	237	SkyeLightLiving	27703
207	Open Wide Family Dentistry	27703	238	Soar Aerial Dance	27701
208	Palm Treez Smoothies	27704	239	Solay Counseling and Research Center, P.C.	27713
209	Pattie G. Brown Enterprises	27707	240	Sophisticated Catering & Event Planning	27705
210	Peressi Hemp	27705	241	Soul Fresh Spring Rolls	27704
211	Perkins Orchard	27713	242	Soul Good Vegan Food	27707

TABLE A: A Selected List of Black-Owned Business in Durham (Continued)

No.	Business Name	Zip Code	No.	Business Name	Zip Code
243	Perspective Context, LLC	27704	272	Soundrah Exum	27713
244	PickleBack	27701	273	Southern Bella's LLC	27704
245	Pierce McCoy's Shoe Shine	27701	274	Southern Lady Sweets	27704
246	Piri	27703	275	Spectacular Magazine	27707
247	Polar Panda's Snoballs	27703	276	Speights Auto Services	27713
248	Pore People	N/A	277	Spring Metro Grooming Spa & Lounge	27704
249	Pork In The Road	N/A	278	Studio Motif	27705
250	Portfolio Group, LLC	27703	279	Styled By Vondranique	27707
251	Power of Massage	27705	280	Sweet's Smoothies	27707
252	Power Of Massage	27705	281	Sweets By Alexandria	27713
253	Prime Athletic Training and Fitness	27707	282	Tantania Harding	27703
254	Profound Elegance Romance Concierge Service	27713	283	Tara Mccoy	27703
255	Protouch Drywall & Paint	27703	284	Tarheel Consulting Group	N/A
256	Providence Smiles	27703	285	Taryn Worley	27703
257	Provident 1898	27701	286	Tater Bread	27701
258	Psychological Assessment, Consultation & Therapy Center	27705	287	The 360 Approach	27701
259	Radiance Physical Therapy	27713	288	The Armstrong Center for Hope	27707
260	Rayquawn Wood	27707	289	The Aura Galleria (Aura Salon and Boutique)	27707
261	RHODA Generation	27707	290	The Bar	27701
262	Richardson Law Firm, PLLC	27703	291	The Barbee Shop	27704
263	Right Time Realty	27713	292	The C.N.O.T.E. Foundation	27701
264	Ronald's Unisex Barbershop	27713	293	The Choice Performance Center	27713
265	Ronzella Croskey	27713	294	The Comedy Lounge	27703
266	Roobi Rentals & Balloons	27703	295	The Dankery	27701
267	Rooter-Rooter USA (Jordan Plumbing and Maintenance, LLC)	27704	296	The Durham Business & Professional Chain	27701
268	Roy's Kountry Kitchen	27707	297	The Gallus Event	27701
269	Rumors	27707	298	The Heir Salon	27703
270	Russell's Pharmacy and Shoppe	27703	299	The Helius Foundation	27707
271	Sabrina Seymore Events (SSE)	27709	300	The Hemptender	27713

No.	Business Name	Zip Code	No.	Business Name	Zip Code
301	The Lather Lounge	27705	331	Valerie Parker	27705
302	The Law Office of Julian M. Hall	27703	332	Vanity's Gift Gallery Boutique	27701
303	The Law Office of Peace & Squires, PLLC	27713	333	Victorious Praise Fellowship Church, Inc.	27703
304	The Living Room	27701	334	Virginia & Co	N/A
305	The North Carolina Center for Dermatology	27713	335	Virtue Events	27707
306	The Palace International	27705	336	Visionary Consulting Pros, LLC	27713
307	The Pampered Woman	27705	337	Walltown Children's Theatre	27705
308	The Renaissance Barbershop	27713	338	Wil's Social Bistro & Lounge	27703
309	The Triangle Tribune	27713	339	Wonderpuff	27701
310	The Zen Succulent	27701	340	WythaBalance Yoga	27713
311	Tierra Brodie	27704	341	Y & G Contractors	27713
312	Tiffany Smith	27707	342	Zweli's Kitchen & Catering	27707
313	Tims Smokin Bbq	27713			
314	Tips & Needles, LLC	27701			
315	TNP Fit	27703			
316	TNT Fish and CHicken	27701			
317	Tootie's Mobile Kitchen	27703			
318	Top Notch Performance, LLC	27703			
319	Total You Fitness & Nutrition	27701			
320	Toyin Babarinlo	27705			
321	Travoskia Cooke	27703			
322	Triangle Performance Ensemble	27707			
323	Tropical Delight, LLC	27707			
324	True Flavors Diner	27713			
325	U Dirty Dog Selfwash Spa	27713			
326	UDI Community Development Corporation	27713			
327	United Paint & Body Shop and Auto Sales	27704			
328	United Thai Boxing & MMA	27713			
329	Unity and Respect Barber Styling and Natural Hair Salon	27713			
330	Uprise Financial Solutions	27703			

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