## BARRIERS AND FACILITATORS OF GROWTH IN BLACK ENTREPRENEURIAL VENTURES: THINKING OUTSIDE THE BLACK BOX

by

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## Dedication

I dedicate this dissertation to all minority and women entrepreneurs who continue to persevere against adversities. It is my hope that this small contribution has echoed your voices and provided information to those that may not understand the continued struggle. It is also my hope that this will encourage those that have an opportunity to start a business or continue a family business to do so. Historically speaking, many have paved the way for your success. In addition, the ability to employ others and help them pursue their dreams while pursuing your own is a true gift. While this may be challenging, nothing in life worth pursuing is easy.

List of Tables	X
List of Figures	xi
Abstract	xiv
CHAPTER 1: INTRODUCTION AND OVERVIEW	1
Problem of Practice	2
Focus of Research	4
Purpose of the Study	4
Research Questions	4
Overview of Mixed Methods Design	5
Three-Phased Research Approach	8
CHAPTER 2: THEORETICAL FRAMING AND LITERATURE REVIEW	10
Small Business Growth	10
Social Stratification	13
The Social Identity of Intergroup Behavior	13
The Disadvantage Theory	14
Intergroup Contact Theory	14
Social Capital Theory	15
Faith	16
CHAPTER 3: BARRIERS TO GROWTH: HOW HIGH PERFORMING AFRICAN AMERICAN-OWNED BUSINESSES OVERCOME THEM (STUDY 1)	
Introduction	18
Research Question	19
Literature Review	19
African American Entrepreneurship	20
High Performing African American Firms	21
Diversity Initiatives	23
Relationships	25
Faith and Prayer	28
Methodology	29
Sample	29
Findings	32
Finding 1: Barriers to Business Growth	32

## **Table of Contents**

Finding 2: Faith and Prayer	39
Finding 3: Diversity Initiatives	40
Finding 4: Relationships	42
Discussion	.46
Racial Barriers	47
Gender Barriers	48
Access to Capital	48
Diversity Initiatives	50
Relationships	50
Faith and Prayer	55
Implications	.56
Implications for Practitioners	56
Implications for Academia	57
Limitations	.57
Future Research	.58
CHAPTER 4: SMALL BUSINESS GROWTH ATTITUDES AMONG MINORITY ENTREPRENEURS (STUDY 2)	.59
Introduction	
Theory and Hypotheses	.62
Direct Effects of Emotional and Social Intelligence Leadership on the Small Business Growth Attitudes	63
Direct Effects of Faith and Prayer Reliance on Small Business Growth Attitudes	63
Mediating Roles of Relational Climate	64
Research Design and Methods	.66
Operationalization of Constructs	66
ESCI Leadership Attributes	67
Faith/Prayer Reliance	68
Relational Climate	69
Small Business Growth	69
Data Collection and Sample	70
Data Analysis	73
Outliers	73
Normality	74
Measurement Model Analysis	74

Adequacy	75
Validity	76
Reliability	76
Confirmatory Factor Analysis (CFA)	77
Validity and Reliability	
Common Method Bias	
Structural Model Analysis	
Multivariate Assumptions	
Multi-Collinearity	80
Results	80
Covariance Structure Analysis	81
Direct Effects	81
Mediating Effects	83
Hypotheses 5 and 6	
Hypothesis 7	
Discussion	84
Practical Implications	86
Limitations	86
CHAPTER 5: DISCRIMINATORY BUSINESS PRACTICES AND BUSINESS GROWTH: AN EXPLORATORY STUDY (STUDY 3)	
Introduction	
Literature Review and Theoretical Framework	
Business Growth	
Individual factors	
Entrepreneurial Perseverance	
Faith	
Group factors	
Social Identity Theory	
Shared Vision	
Organizational Factors	
Intergroup Contact Theory	
System factors	
Social Stratification	
Hypotheses	100
	vii

Direct Effects	100
Discriminatory Business Practices	100
Entrepreneurial Perseverance	102
Mediating Effects	104
Mediating Roles of External Networking (in-group/out-group)	104
External Networking	104
External Networking (In Group)	105
External Networking (Out-group)	105
Perceived Shared Vision	106
Moderating Effects	108
Moderation	108
Faith	108
Multi-group Moderation	109
Preferential Procurement Programs	109
Research Design and Methods	110
Operationalization of Constructs	110
Data Collection and Sample	111
Data Analysis	112
Measurement Model Analysis	113
Adequacy	114
Validity	114
Reliability	115
Confirmatory Factor Analysis (CFA)	115
Validity and Reliability	115
Configural and Metric Invariance	116
Common Method Bias	117
Structural Model Analysis	118
Results	119
Covariance Structure Analysis	119
Direct Effects	120
Mediating Effects	122
Discussion	124
Practical Implications	130
Limitations	131
	viii

CHAPTER 6: DISCUSSION, LIMITATIONS, IMPLICATIONS, AND	
CONCLUSION	134
Discussion	134
Discrimination	135
Implications for Practice	136
Faith	137
Implications for Practice	139
Shared Vision	140
Implications for Practice	141
Limitations	141
Future Directions for the Research	143
Faith	143
Preferential Procurement Programs (PPP)	143
Conclusion	144
Appendix A: Interview Protocol (Study 1)	147
Appendix B: Questionnaire (Study 1)	149
Appendix C. Pattern Matrix (Study 2)	150
Appendix D. Communalities (Study 2)	151
Appendix E. Total Variance Explained (Study 2)	152
Appendix F: Confirmatory Factor Analysis (Study 2)	153
Appendix G: SEM Model (Study 2)	154
Appendix H: Constructs Table (Study 2)	155
Appendix I: Constructs Table (Study 3)	163
Appendix J: Pattern Matrix (Study 3)	171
Appendix K: Communalities (Study 3)	172
Appendix L: CFA (Study 3)	173
Appendix M: Causal Latent Model (Study 3)	174
Appendix N: Mean, Standard Deviations, Number of Variables, Cronbach's Alphas and Factor Correlations (Study 3)	175
Appendix O: Chi-Square Difference Test for Common Method Bias (Study 3)	176
References	177

Table 1. Classification	30
Table 2. Company Size	30
Table 3. Industry Sector	31
Table 4. Findings Chart	32
Table 5. Company Age Table	51
Table 6. Demographics	
Table 7. Kurtosis	
Table 8. Mean, Standard Deviations, Number of Variables, Cronbach's Alphas and Factor Correlations	77
Table 9. Validity and Reliability Chart	79
Table 10. Hypothesized Direct Effects	81
Table 11. Mediating Effects	83
Table 12. Validity and Reliability Chart	116
Table 13. Multi-group Measurement Invariance Testing	117
Table 14. Hypothesized Direct Effects and Control Variables	120
Table 15. Direct Effects – Not Hypothesized	121
Table 16. Mediating Effects	123
Table 17. Faith Direct Effects – Not Hypothesized	126

# List of Figures

Figure 1. Mixed Methods Plan	7
Figure 2. Integrative Flow of Research	8
Figure 3. Theoretical Framework	10
Figure 4. Racial Barrier Quotes	34
Figure 5. Gender Barrier Quotes	36
Figure 6. Accessing Capital Quotes	38
Figure 7. Faith and Prayer Quotes	39
Figure 8. Diversity Initiative Quotes	42
Figure 9. Client Relationship Quotes	44
Figure 10. Employee Relationship Quotes	45
Figure 11. Relationship Building Quotes	46
Figure 12. Hypothesized Model	62
Figure 13. Structural Model with Standardized Regression Weights for Direct Effects	82
Figure 14. Conceptual Model	100
Figure 15. Structural Model with Standardized Regression Weights for Direct Effects	121

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## Barriers and Facilitators of Growth in Black Entrepreneurial Ventures: Thinking Outside the Black Box

Abstract

by

## NATASHA CONLEY

The U.S. Census Bureau indicates that only 1% of Black companies generate over a million dollars in sales yet they are responsible for 61% of all jobs created by minority-owned firms. How can more Black businesses be positioned to contribute? This research seeks to better understand Black business growth by employing an exploratory sequential mixed methods design approach beginning with a qualitative study followed by two quantitative studies. This three-part research project unfolds by first exploring barriers that high performing African American and non-minority firms are confronted with when trying to grow their businesses. Findings revealed that African American firms are faced with a number of different forms of racial discrimination. Gender bias is found to be a barrier for women-owned firms. These barriers were overcome by leveraging numerous types of relationships, utilizing preferential procurement programs and relying on faith and prayer.

xiv

The findings from the first study informed measures for a quantitative phase to determine to what extent leadership attributes such as emotional and social intelligence and faith/prayer reliance correlate with small business growth attitudes among minority entrepreneurs. Findings suggest that the sense of God at work has a positive relationship with small business attitudes, specifically the importance of sales and employment growth. Additionally, perceived shared vision fully mediates the effect of emotional and social competency inventory (ESCI) Leadership traits on the importance of sales and employment growth. It is the integration of these two studies that prompt a deeper look at Black business growth.

The third study measures discriminatory business practices and its association with business growth as well as other factors that may contribute to growth. The following factors were measured: faith, entrepreneurial perseverance, perceived shared vision and external networking. The findings from this study revealed that discriminatory business practices have a negative association with business growth and perceived shared vision fully mediates the effect of entrepreneurial perseverance on business growth. Post-hoc analysis also revealed direct relationships between faith and entrepreneurial perseverance as well as faith and external networking. These findings extend concepts in black entrepreneurship and faith-based literature.

**Keywords:** Black entrepreneurship; minority entrepreneurship; minority business growth; Black business; shared vision; faith at work, networking; entrepreneurial perseverance; preferential procurement programs

XV

#### **CHAPTER 1: INTRODUCTION AND OVERVIEW**

For Black entrepreneurs to know where we are going, we must first understand where we have come from. One such seminal writing from W. E. B. Du Bois (1899) entitled, "The Negro in Business" shares that "For a Negro to go into business means a great deal. It is indeed, a step in social progress worth measuring." Before the Civil War, there were free Blacks who could build capital to participate in business activity, but it was difficult because they only had "half-free" status which meant they could be recaptured and enslaved at any time. States also passed laws restricting the movement of free Blacks which limited business activity. As the United States developed, government restrictions increased which curtailed the development of Black businesses (Butler, 2012) Despite the barriers, where free Blacks congregated Black businesses emerged, and Black scholars studied the development. After the Civil War, Blacks were confronted with racism from the North and the South. Jim Crow laws were designed to create an environment similar to slavery. This form of segregation was designed exclusively for Blacks. In this regard, there were no signs in public places that read "Jewish Only," "Irish Only" or "Italian Only." In 1899, Plessy v. Ferguson legalized "separate but equal," forcing Black entrepreneurs to operate in their own community, while immigrants and Whites were free to conduct business in all communities. Despite the struggle and exclusion from mainstream society, Blacks developed their own educational facilities ranging from elementary schools to colleges, churches, financial institutions, fraternal societies and insurance companies (Butler, 2012).

In considering this brief historical overview, it becomes clear that Blacks have made major strides in overcoming barriers to participate in entrepreneurial activities. We

have evolved from literally property (slaves) to viable business owners/entrepreneurs. It is hard to believe that a descendant of George Murray, a slave from Callaway County, Missouri is the President of her own company which is celebrating its 17th year in business and as the Vice President of her family owned business that is celebrating its 31st year in business. I am humbled by the struggles that my ancestors endured and the level of achievement that they attained so that I could have opportunities that they did not have. In retrospect, I am grateful for the many strategy sessions and lessons handed down by my father. I am also reminded of the level of accomplishment that can still be attained when driving by the new headquarters of World Wide Technologies, a \$10 billion software company located in St. Louis, Missouri, and founded by the most successful Black businessman in the United States, David L. Stewart. In this regard, while we see that Black businesses may not be the most successful of the minority business group members as indicated by the United States Census Bureau (2012), we must also understand that no other minority group has had to endure institutional and governmentally sanctioned exclusionary practices. The Black American entrepreneur is building from the ground up while facing systemic barriers that most are unaware of or choose to ignore.

### **Problem of Practice**

There are 8 million minority firms in the United States. Approximately 7.1 million people are employed by minority firms in the United States. The U.S. census data reveals that minority groups with the largest number of firms in the United States are Hispanic American (3.3 million), African American (2.6 million) and Asian American (1.9 million) (Minority Business Development Agency, n.d.). Asian businesses employ

3,572,577, Hispanic firms employ 2,329,553, and Black American firms employ 975,052. In regard to combined gross receipts of firms with employees, Asian firms are first with the generation of \$627.5 billion, Hispanic firms generated \$380 billion and African American firms generated \$103.5 billion (Minority Business Development Agency, n.d.). The U.S. Census Bureau indicates that 1% of Black American Businesses generate over \$1 million in sales (U.S. Census Bureau, 2012). Strikingly, these high-performing firms are responsible for 61% of all jobs created by minority-owned firms (U.S. Census Bureau, 2010). Unfortunately, Blacks still open up businesses at three times the rate of Whites (Crump, Singh, Wilbon, & Gibbs, 2015: 2) and at a rate higher than any other minority group but still experience the least amount of success. The differences in the level of job creation and sales receipts of Black American firms are of concern.

In 2013, the overall unemployment rate in the United States was 7.4%; however, the unemployment rates for minorities were quite different. In 2014, the unemployment rates for African Americans, American Indian/Alaskan Natives, Native Hawaiian/Pacific Islanders and Hispanics/Latinos were 13.1%, 12.8%, 10.2% and 9.1%, respectively (Bureau of Labor and Statistics, 2014). African American unemployment, in particular, has averaged twice the unemployment rate of Whites through varied business cycles as far back as 1960 (U.S. Census Bureau, 2012). "Past data shows that minority businesses have hired over 4.2 million employees with a disproportionate share of them being minorities, it is important to our communities, labor force, and the economy that minority businesses—especially Black businesses—grow.

#### **Focus of Research**

The focus of this research project is to better understand Black business growth. In this regard, through an exploratory, qualitative study, I first explored the barriers that Black businesses face and how they overcome those barriers. Next, in a quantitative study, I measured leadership traits of minority business owners, faith/prayer reliance and their attitudes towards growth. In my third study, which was also quantitative, I measured discriminatory business practices, preferential procurement program participation, faith, external networking, shared vision and their association with business growth.

#### **Purpose of the Study**

This dissertation contributes to the field of Black entrepreneurship by providing an understanding of the factors that affect growth. In this regard, it is our goal to reveal the issues and support mechanisms that are necessary for Black businesses to move forward with the intention to grow their businesses. It is anticipated that by better understanding this phenomenon, we can prepare and support Black business growth. This, in turn, will encourage further contributions to job creation and lessen unemployment in Black communities. In addition, it is my hope that additional revenue growth will allow Black businesses to further support their communities.

#### **Research Questions**

The overall research question for this dissertation is: What influences Black business growth? This mixed methods study includes three separate research questions and several sub-questions.

Study 1: What explains how high performing African American-owned businesses overcome obstacles to business growth? How and to what extent does

financial capital, diversity initiatives, and relationships contribute overcoming obstacles to growth in the high performers (Conley, 2015)?

Study 2: How and to what extent do leadership traits like emotional social competency inventory (ESCI) traits, relationships and faith /prayer correlate with minority entrepreneur's attitudes towards business growth (Conley, 2016)?

Study 3: To what extent do discriminatory business practices associate with business growth? Do external networking and shared vision play a role? Does faith and Preferential Procurement Programs have a correlation?

#### **Overview of Mixed Methods Design**

The purpose of this sequential explanatory mixed methods study is to examine Black-owned businesses and to add to the growing literature on black entrepreneurship. The study includes three phases (and two points of integration): 1) qualitative results from interviews with high performing African American or Black Business Owners versus non-minority high performing business owners; 2) quantitative results from an online survey of American Indian & Alaskan Natives, Asians, Black/African, Hispanic, Native Hawaiian & Pacific Islander, South Asian (Indian Subcontinent) and Others (without classification); and 3) quantitative results from an online survey of Black business owners.

For our mixed methods research, we will combine elements of qualitative and quantitative approaches for the purpose of gaining breadth and depth of understanding and corroboration of our research (Johnson, Onwuegbuzie, & Turner, 2007). We selected the QUAL $\rightarrow$ QUAN $\rightarrow$ QUAN mixed methods approach because a standalone qualitative or quantitative method would not provide sufficient context for the overall factors that

contribute to Black business growth. Our use of a sequence design of both qualitative and quantitative methods (as well as the points of integration) complement each other and allow for a more complete analysis based on our research questions.

The QUAL→QUAN→QUAN mixed methods approach with two integration points allowed us to explore themes that emerge from the lived experiences of high performing African American men and women entrepreneurs versus non-minority men and women entrepreneurs. This first study explored the barriers that affect African American business growth and how these barriers were overcome. We then measured and quantified the association of the emergent themes from the qualitative study among distinct variables in a quantitative study. We gained contextual information from both studies which was the basis for the final study which was an interpretation of those findings. The procedures for the sequential explanatory mixed methods design for this dissertation is presented in Figure 1.

The priority in this study design is a sequential priority from Qualitative to Quantitative and Quantitative to quantitative (QUAL $\rightarrow$ QUAN $\rightarrow$ QUAN). The qualitative study represents the first aspect or baseline of data collection, analysis and may assist in the in-depth explanations of quantitative results. The quantitative component is second in the sequence and is used to reveal the predicting power of the selected findings that emerged from the qualitative study of African American and nonminority high performing business owners. The results of the qualitative and quantitative studies were integrated at two points in the dissertation.

## Figure 1. Mixed Methods Plan

	Phase	Procedure	Product
PHASE 1	QUAL Data Collection	<ul> <li>Semi-structured interviews</li> <li>31 Subjects – African-American and Non- minority business owners from various industries</li> <li>Line by line and segment coding of transcripts</li> <li>Category development</li> <li>Constant comparison for uniformity, higher level concepts, and theoretical saturation (Glaser and Strauss, 1967)</li> <li>Theme development</li> <li>Use of Nvivo software for coding</li> </ul>	<ul> <li>Text data – interview transcripts</li> <li>Audio data – recorded interviews</li> <li>Grounded Theory study to understand the lived experiences of individuals in organizations addressing specific issues or aims</li> <li>Inference</li> </ul>
	Survey and Scale Development	<ul> <li>RQ Development for QUAN study</li> <li>Variables chosen for QUAN based on experience of business owners from QUAL study</li> <li>Scale developed to measure interactions with PPPs – items developed from key findings and quotes in QUAL study</li> </ul>	<ul> <li>Survey to measure how individuals utilize ESCI, Faith/Prayer Reliance, and relationships to understand small business attitudes</li> </ul>
PHASE 2	QUAN Data Collection	<ul> <li>Online Survey</li> <li>591 completed responses</li> <li>Minority business owners</li> <li>Data screening</li> <li>Factor analysis</li> <li>Path analysis</li> </ul>	<ul> <li>Numeric data</li> <li>Descriptive statistics, normality, homoscedasticity</li> <li>Factor loadings</li> <li>Path loadings</li> <li>Hypothesis testing including mediation testing</li> <li>Inference</li> </ul>
	Survey and Scale Refinement	<ul> <li>RQ Development / Refinement for final QUAN Study</li> <li>Survey refinement based on previous QUAN study</li> </ul>	<ul> <li>Survey to measure the effect of Discriminatory Business Practices, Entrepreneurial Persistence, External Networking and Perceived Shared Vision. Also measured the effects of PPP and Faith on Business Growth Perceptions</li> </ul>
PHASE 3	QUAN Data Collection	<ul> <li>Online Survey</li> <li>298 completed responses</li> <li>Data screening</li> <li>Factor analysis</li> <li>Path analysis</li> </ul>	<ul> <li>Numeric data</li> <li>Descriptive statistics, normality, homoscedasticity</li> <li>Factor loadings</li> <li>Path loadings</li> <li>Hypothesis testing including mediation testing</li> <li>Inference</li> </ul>
	Integration of QUAL and QUAN x2 Results	<ul> <li>QUAL-&gt; QUAN-&gt; QUAN = understanding of black business growth perceptions</li> <li>Between method triangulation of data to assess (QUAL) understanding from experience of black entrepreneurs overcoming obstacles growth and (QUAN) structure of factors that impact business growth</li> <li>Integration of inferences from each phase of the study</li> </ul>	to• Limitations • Future Research • Integration Framework for Inference Quality

## **Three-Phased Research Approach**

Research questions are identified in each phase. The integrative flow of research

for this dissertation is illustrated in Figure 2.

## **Figure 2. Integrative Flow of Research**

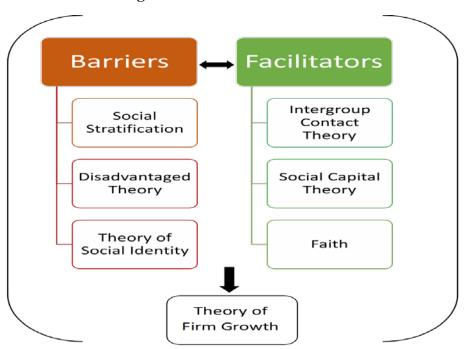
What influ	ences Black business grow	th?
Study 1 (Qualitative)		
	Study 2 (Quantitative)	
What explains how African American businesses overcome obstacles to business growth?	How and to what extent do	Study 3 (Quantitative)
	leadership traits like emotional social intelligence competencies, relational climate and faith/prayer relate to minority entrepreneur's attitudes towards business growth?	Do discriminatory business practices, shared vision, entrepreneurial perseverance, external networking and faith correlate with business growth?

The integrative research flow includes the overall research question which is "What influences Black business growth? Each phase of this dissertation includes a research project which was designed to answer a specific research question. Study 1 was exploratory in nature while the other two phases were developed from the results of the previous study. Boston and Boston conclude that "the small number of variables that we found to be statistically significant forced us to conclude that the real explanation of high growth remains a "black box" (Boston & Boston, 2007: 23). The qualitative research project was designed to capture emerging themes that may contribute to further understanding the "black box" while identifying barriers and understanding how high-

performing Black firms overcome those barriers. The quantitative study was created to measure potential leadership traits and faith which was a unique theme that emerged from the exploratory qualitative study.

The final quantitative study linked the results of Studies 1 and 2 by continuing to further explore faith. We then measured discriminatory business practices (racial discrimination) which emerged from the qualitative study. I was also motivated to further position the final study in the entrepreneurial space by exploring entrepreneurial perseverance and external networking.

## **CHAPTER 2: THEORETICAL FRAMING AND LITERATURE REVIEW**



#### **Figure 3. Theoretical Framework**

## **Small Business Growth**

Small businesses are critical to the United States' economic recovery and strength and are the backbone of our economy. As such, small business growth is extremely important, and therefore, has been studied for almost 50 years (Leitch, Hill, & Neergaard, 2010). Ironically, after five decades, fundamental questions regarding small business growth still remain unanswered, and theoretical development is still very limited. Leitch et al. (2010) suggest that a holistic understanding may be unrealistic and premature because growth is "multi-dimensional, heterogeneous and a complex phenomenon, as is each facet of it." We must also note that an important aspect of growth is the stakeholder groups because they have interest in both entrepreneurial and business growth. Stakeholders are identified as the business owner/entrepreneurs, government and policymakers, academics and others that are involved such as customers, suppliers, and funders. They have different objectives, agendas, and outlooks regarding growth which can change over time (Leitch et al., 2010).

The majority of literature that refers to small business growth focuses on growth as a change in amount. This stream of literature typically discusses change in revenue, employees, or growth as an outcome or output (McKelvie & Wiklund, 2010; Wiklund, Patzelt, & Shepherd, 2009). In these types of studies, growth is the dependent variable where the goal is to explain varying rates of growth. Leitch et al. (2010) indicate that these growth studies use a wide range of predictor variables; therefore, it has not been possible to isolate them to find out what has a consistent effect on growth.

The second form of growth in the literature refers to the outcomes of growth, so growth is in effect, an input. When using growth as an independent variable, the significances of growth are studied. These studies use developmental stages, life cycles and speak in terms of biology to describe the firms' growth patterns or lifespan (Leitch et al., 2010).

The third form of growth refers to the growth process itself and is grounded in Penrose's (1959) theory of firm growth which distinguishes between organic growth and growth by acquisition. One very important aspect of Penrose's theory is the "enterprising manager" or the stakeholders within the organization. These stakeholders have the power to expand or limit the rate of growth. Penrose's theory of the growth of the firm suggests that the productive activities of the firm are governed by what is seen by the entrepreneur. In this regard, if the entrepreneur does not see the opportunities for expanding the business, he or she can't act upon them and loses the ability to respond. In addition, the

decision to search for opportunities requires "entrepreneurial intuition and imagination" (Penrose, 2009: 34). Penrose also identified several key entrepreneurial services: entrepreneurial versatility, fundraising ingenuity, entrepreneurial ambition, and entrepreneurial judgment.

For the purposes of this research, I will focus on the theoretical perspectives of small business growth through the lens of the major stakeholder who is the business owner/entrepreneur. We will discuss the current status of minority businesses in the U.S., which include barriers and challenges facing Black entrepreneurs which include the role of race/ethnicity by discussing social stratification, social identity of intergroup behavior and the disadvantaged theory. We also suggest that one form of overcoming barriers or challenges faced by Black entrepreneurs lies within intergroup contact theory. Conley (2015) suggests that faith/prayer and relationships can also be leveraged to overcome barriers. The correlations from the relationships will be discussed through the lens of social capital theory.

A number of studies have been conducted that compare Black American to Non-Minority businesses as well as Blacks to all of the other minority groups in order to understand the underlying problem. (Butler, 2012) suggests that these comparisons are not helpful in understanding Black businesses. No other minority group has experienced institutional and systematic racism in the United States. In this regard, Conley (2015) identified three barriers and challenges to business growth: racial discrimination, gender bias, and trouble accessing capital. To further illuminate these problems or barriers, Bates (2011), Bradford (2014), and Robb and Fairlie (2007) collectively report that the key challenges for most African American businesses are lack of education, start-up capital,

access to capital, lack of experience in similar businesses and lack of human capital. Reuben and Queen (2015) also confirm that unequal access to capital is a problem. The author suggests that social stratification is the foundation for many barriers to growth.

#### **Social Stratification**

The concept of class explains the "horizontal stratification of a population by economic power, occupation, status feelings, cultural differences or their combination" (Hatt, 1950: 216). Robinson et al. (2007) simply state that social stratification is an end result of institutional processes that segment society into the advantaged and disadvantaged socially constructed groups. Shelton (2010) further suggests that these social structures are association with factors that are critical to entrepreneurship which include social networks, capital, opportunities, and innovation. Shelton (2010) suggests that these factors are beneficial to some groups and detrimental to others. She posits that minority firms must fight an "uphill battle" for growth because they first must cope with the social and institutional barriers then struggle with the economic forces that all firms must contend with.

#### The Social Identity of Intergroup Behavior

The literature on in-group preferences suggests that people within a certain group distinguish themselves apart from the other or "out" group and prefer their own group. This is defined by social identity theory (Neubert, Bradley, Ardianti, & Simiyu, 2015; Tajfel & Turner, 1986). Social Identity Theory also suggests that group members want to see their group differentiated from other groups and are motivated to achieve and preserve the distinctions. This, in turn, serves to protect and/or enhance positive identity for group members. Social identity theory suggests that the stronger members of a certain group identify with their group, the more bias they identify in favor of their group at the expense of the "out" group (Negy, Shreve, Jensen, & Uddin, 2003).

#### The Disadvantage Theory

The disadvantage theory originated from the work of Weber (1930) which suggests that people that are excluded from the mainstream economy because of discrimination will turn to entrepreneurship or business ownership. In this regard, they choose self-employment instead of unemployment (Light & Rosenstein, 1995). This theory has been used to explain why minorities and immigrants embrace entrepreneurship and have high levels of small business ownership (Cooper & Dunkelberg, 1987); (Light, 1979; Light & Rosenstein, 1995; Smith-Hunter & Boyd, 2004). Alsubaie (2016) suggests that many American minority women chose entrepreneurship due to the recession and downsizing. As the author suggests, many minorities are the "last hired and first fired" which results in forced entrepreneurship (Durr, Lyons, & Lichtenstein, 2000). Conley (2015) also supports this notion. One African American woman shared that she voluntarily left her current job because she knew that downsizing meant that she would eventually be let go.

### **Intergroup Contact Theory**

Allport (1954) suggests that the positive effects of intergroup contact theory occur in the following four situations: equal group status within the situation; common goals; intergroup cooperation and the support of authorities, law, and custom (Pettigrew, 1998). When looking at PPPs through the lens of intergroup contact theory, these programs when structured and monitored properly, can be utilized to combat intergroup relational problems. The literature suggests that common goals positively affect intergroup contact and that prejudice reduction requires an active goal-oriented effort. The example used is athletic teams (Chu & Griffey, 1985; Pettigrew, 1989). Intergroup cooperation also has a positive effect on intergroup contact. The author posits that attainment of common goals must be an interdependent effort without group cooperation (Bettencourt, Brewer, Croak, & Miller, 1992; Pettigrew, 1998). Intergroup cooperation in schools provides the strongest evidence (Pettigrew, 1998; Slavin, 1983; Slavin & Madden, 1979). The final condition is the support of authorities, law, and custom. The author indicates that with clear social sanction, intergroup contact is more accepted and as positive effects. In this regard, "authority support establishes norms of acceptance" (Pettigrew, 1998). Pettigrew (1998) suggests that field research further confirms this claim in the military (Landis, Hope, & Day, 1984), business (Morrison & Herlihy, 1992), and religious institutions (Parker, 1968).

#### **Social Capital Theory**

There are many schools of thought that relate to networking and social capital theories. One perspective evolved from the rational self-interest paradigm. Many of these scholars assume that people form groups to maximize their personal preferences and desires (Katz, Lazer, Arrow, & Contractor, 2004). Rational self-interest in relation to network research can be traced to the work of sociologist James Coleman (1988). Coleman suggested that from two actor interactions with each actor operating out of self-interest, a social system such as a small group emerges (Katz et al., 2004). He posits that while each actor is trying to maximize his or her best interest, they are both constrained because they are both embedded in an interdependent with each other. The relationship poses limits on each actor's behavior and regulates the amount of self-seeking that can

take place. The limits are counterbalanced by the increased access to resources each person gets via the other.

Scholars from this realm of thinking also suggest that individuals consider the creation of ties as an investment in the "accumulation of social resources" or "social capital." Social capital is defined as the "sum of the resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992: 119). As it relates to the self-interest perspective, individuals anticipate deploying social capital (Coleman, 1988, 1990; Lin, Fu, & Hsung, 2001)) and getting a return on their investment in the form of profitable opportunities. Burt (Burt, 1992, 1997, 1998, 2001) suggests that "structural holes" allow individuals to invest their social capital and they fill the structural hole by connecting people that would not ordinarily be connected. This transaction creates a return on investment that accrues from their ability to broker the knowledge and information between those that aren't connected.

#### Faith

Faith can be defined in many terms. It can be used as a coping mechanism or as a motivator. In this study we refer to faith as the ability to draw from a personal connection to God to enhance functioning and provide a strategy for coping with adversities. Walker (2009) suggests that African American women have drawn on faith to find courage and inspiration to overcome adversities that stem from race, gender, and social class to become successful and effective leaders in predominantly White occupations and professions. Conley (2015) notes that African American entrepreneurs and non-minority females rely on faith and prayer to overcome obstacles to growing their

businesses. Nwankwo and Gbadamosi (2013) find in there qualitative study that two important themes emerged. The first theme is that the participants in the study derive emotional, social and spiritual benefits from their church affiliation. Second, entrepreneurs in this study also believe that religious values provide them with an entrepreneurial identity and assurances of "God's glory through both spiritual and instrumental rewards" (Nwankwo & Gbadamosi, 2013: 627). Third, they also have a belief that God has a part in successful entrepreneurial ventures which is an act of faith and a preserve of the "believers." The authors further indicate that risk-taking behavior is motived by belief of God's Glory.

Max Weber's Protestant Work Ethic has been debated over the years among sociologists and historians over the religion's contribution to economic growth (Lynn, Naughton, & VanderVeen, 2009; Rakodi, 2007). Neubert, Bradley, Ardianti, and Simiyu (2015) suggest that in entrepreneurial activities, spiritual capital may be a contributing force in the development of relationships that are required to scale or grow the business.

## CHAPTER 3: BARRIERS TO GROWTH: HOW HIGH PERFORMING AFRICAN AMERICAN-OWNED BUSINESSES OVERCOME THEM (STUDY 1)

#### Introduction

Despite the legislation and laws governing equality in the United States, African American entrepreneurs still struggle to grow and sustain their businesses. The most current U.S. census data revealed that there are approximately 5.8 million minorityowned businesses in the United States, of which approximately 1.9 million are African American businesses (U.S. Census Bureau, 2010). Only 1% of these African American businesses are considered high performing firms, defined by the United States Census Bureau as those that have annual receipts over \$1 million. These high-performing firms are responsible for 61% of all jobs created by African American firms (U.S. Census Bureau, 2010).

Due to the high rate of unemployment among minorities, specifically African Americans, it is important to our communities, labor force, and the economy that minority-owned businesses grow. "Absent these jobs provided by African American owned businesses, African American unemployment may have registered almost twothirds (62.8%) higher, to as many as 2.3 million in the survey year of 2007 (Reuben, Wilson, Wijewardena, Davis, and Clark 2011)" (Reuben & Queen, 2015: 2). African American entrepreneurs are critically important to addressing this problem so the findings in this research will help reveal the perceptions of high-performing African American business owners versus non-minority owned business owners regarding barriers to growth, and how they overcome those barriers.

Minority entrepreneurship has been studied in detail by a number of researchers (Bates, 2011; Bradford, 2014; Robb & Fairlie, 2007) and they collectively report that the

key challenges for most African American business owners that fail are due to a lack of education, the ability to aquire start-up capital, access to capital, lack of experience in similar businesses, and a lack of human capital. However, the literature is virtually silent regarding the barriers confronted by high-performing minority-owned business owners and how they overcome obstacles to growth. Towards this end, my research is focused on this particular gap by comparing and contrasting high performing African American entrepreneurs against high-performing non-minority entrepreneurs. I interviewed thirtyone entrepreneurs with high-performing companies from the Midwest to the East Coast to better understand how they grew their businesses.

#### **Research Question**

The research question for this phase of the study is as follows: What explains how high-performing African American-owned businesses overcome obstacles to business growth? How and to what extent does access to capital, diversity initiatives, and relationships contribute to growth in the high performers? This paper will explore the research focus, key literature, research design, and findings, and then discuss how the findings contrast and compare to pertinent literature. Finally, I will suggest academic and practitioner implications, research limitations, and future research topics.

#### **Literature Review**

Much of the literature on African American entrepreneurship has placed a strong emphasis on success and failure. This section will certainly elaborate on this literature but will also identify other relevant literature regarding African American businesses. This section will primarily explore the key literature regarding African American entrepreneurship and high-performing African American firms.

#### African American Entrepreneurship

"Entrepreneurship has been defined as the identification and exploitation of previously unexploited opportunities (Hitt, Ireland, Camp et al., 2001). Thus, as a context-dependent social process (Ireland et al., 2001)" (Ireland, Hitt, & Sirmon, 2003: 965). African American entrepreneurs tend to have lower annual sales and employ fewer resources than other minority groups (Fairlie & Robb, 2007). For example, Fairlie and Robb (2007) contrast and compare African American businesses to White businesses. They found that African American businesses are less successful due to the lack of education, capital, resources, and overall experience in running a business (Fairlie & Robb, 2007).

Reuben and Queen (2015) note that African American businesses are more likely to be opened but less likely to succeed. One reason they suggest is unequal access to capital. They also report that African American businesses tend to focus on industries that have fewer financial start-up and expansion requirements. When African American businesses operate in high revenue industry sectors, their average annual revenue and average annual payroll per employee is significantly lower than non-minorities (Reuben & Queen, 2015). Fairlie and Robb (2010) report disparities in the capital between minority and non-minority businesses in a report written for the U.S. Department of Commerce, Minority Business Development Agency in 2010. They state, "at the very time that broad economic productivity is critical to strengthening the economic foundation of the nation, the growth potential of minority-owned businesses is being severely hampered. Across the nation, minority-owned businesses face the obstacles of access to capital, access to markets and access to social networks, all of which are

essential for any business to increase in size and scale (Fairlie & Robb, 2010: 3). Minority businesses are also found to pay higher interest rates on loans and are more likely to be denied credit. Also, minority-owned firms are found to have fewer amounts of equity investments (Fairlie & Robb, 2010).

The work of Bates, Jackson and Johnson (2007) report issues related to success and failures in minority business. This literature reveals discriminatory practices that other authors like Robb and Fairlie have described, which include the lack of access to financial capital, less education, and business-related experience. They note, the "whole process is more difficult for minorities than it is for whites" (Bates et al., 2007: 10). On a more positive note, the authors point out that minority business enterprises (MBE) have grown in recent decades although from a small base. The minority firms that are considered large-scale or high-revenue firms have grown at a rate three times faster than the overall minority business community. The firms that have employees have also surpassed minority businesses that do not have employees (Bates et al., 2007).

#### **High Performing African American Firms**

Boston and Boston (2007) reported that "large differences in rates of growth among African American-Owned firms cannot be explained simply by evaluating owner attributes, firm attributes, characteristics of markets and environmental constraints" (Boston & Boston, 2007: 128). They found that the small number of variables in the study were identified to be statistically insignificant, and therefore the authors concluded that the explanation for growth among high growth African American firms and lowperforming African American firms remains a "black box." In other words, they could not understand why high-growth firms could grow and low-growth firms could not.

A longitudinal study by the Black Enterprise (BE) from 1974 to 2004 reported on African American business trends, the decline of industry categories, and comparable survival rates of small businesses (Sonfield, 2007). The study reported that "Only 21 of the 1974 BE 100 companies survived in the 1984 listing, only five continued to the 1994 listing and only two are still on the 2004 listing" (Sonfield, 2007: 327). This suggests an overall downward trend in such firms. Some of the trends included the growth of Blackowned auto dealerships during that time period. A second significant trend was the decline in the construction contracting and energy segments. Another downward trend was in the Food/Beverage and Wholesale/Retail segment. The BE 100 listings only showed an upward trend in the Technology sector. This publication also discussed the efforts of corporate minority procurement programs which had mixed reviews. The author notes that a number of writers evaluated those programs and some "concluded that many minority suppliers have grown and prospered from these programs and have been able to grow beyond their corporate customer bases (Carter et al., 1999)" (Sonfield, 2007 330). Other researchers have concluded that few minority suppliers in these programs have truly benefited in the long-run and many have been unable to successfully "graduate" from such programs or develop sufficient sales volumes beyond the programs (Bates, 1985; Pearson, Fawcett, & Cooper, 1994; Sonfield, 2007). The article also highlights the argument against set-asides and the argument for set-asides which is a "specific percentage of overall government contracts allotted directly to MBE vendors" (Bates, 2011; Rice, 1991). The author indicates that the "most significant factors in the success and failure of the BE 100 firms are the private sector and governmental programs targeted towards minority businesses. The majority of the BE 100 companies throughout

the 30 plus years of the listings have been recipients of procurement and other contracts from either large corporations or from federal, state or local government which were specifically aimed toward or set aside for minority companies (Spruell, 2005)" (Sonfield, 2007: 333).

Growth performance of African American businesses versus non-minority businesses was also studied within the BE study. The Sonfield's sample originated from the BE List of top-grossing African American firms. The sample size was 20 firms that were consistently listed on the BE List of top-grossing African American firms from 1998 to 2008 and represented 17 industries. The authors sought to "avoid reinventing the "theoretical wheel" by proposing that any long-run performance differences could be best understood through existing strategic theories that have seldom been applied to this particular sample. Previous studies indicated that African American firms have a much lower sales growth rate than comparable White firms. The author's goal was to examine if this performance disparity also exists for top African American businesses. They found that the average performance of African American businesses, as measured by sales growth, was lower than White firms but not statistically significant. The authors also noted that established African American businesses may not be experiencing the same performance disparity. Their findings suggest that existing knowledge about African American entrepreneurial firm performance may not transfer to larger, more established African American businesses (Smith & Tang, 2013).

## **Diversity Initiatives**

Much of the literature about diversity initiatives have proponents for them or critics that are against them. The primary argument against Government set-aside

programs is that they promote "reverse discrimination" against the non-minority businesses and are illegal, they are only fronts for non-minority firms, finding qualified minority businesses in certain industries is difficult or impossible and only a small number of firms benefit from set-asides (Cox Edmondson, Suh, & Munchus, 2008).

One study investigated disadvantaged business enterprise subcontractor goals using California's Proposition 209 which prohibited the consideration of race or gender in awarding state-funded contracts. The purpose of the paper was to find out how much affirmative action cost the government is contracting. The study concluded that "road construction project costs the government 5.6% less to complete after the elimination of the affirmative action program in California. The author suggests that the affirmative action program itself is not cost-effective; however, the "positive externalities that may accrue through increased minority entrepreneurship and employment very well could tip the scales in its favor" (Marion, 2009: 521).

Proponents for diversity initiatives insist that they provide opportunities for minorities to participate in the economy and level the playing field. Ong (2001) studied a sample of 2,075 Small Business Administration's 8(a) graduates and his findings "support the assertion that set-aside programs increase the ability of minority firms to compete in the private sector." His study also concluded that participation in the 8(a) program lowered the number of firms that went out of existence (Ong, 2001: 70).

A study regarding city contracting set-asides found that these set-asides had a strong impact on Black business ownership during the 1980s. The Black–White employment gap also fell by three percentage points. "These gains were realized entirely in the industries targeted by set-asides and correspond with the other information on

growth in, and the set-aside amounts awarded to Black-owned businesses" (Chatterji, Chay, & Fairlie, 2013). It should be noted that the study also confirmed that consistent with the fact that Black-owned firms hire more Blacks than other racial groups, the employment rate also fell four percentage points after set-asides.

Another article documented the role of preferential procurement programs from inception to current day. The article contends that government entities that are operating successful programs are now capable of weeding out front firms, easing bonding requirements, unbundled contracts and paid MBE vendors promptly which in turn have lowered the barriers to limiting MBE participation in procurement markets. "On balance, the record of preferential procurement programs in the United States is one of success" (Bates, 2015: 20). The author also indicates that "success in preferential procurement is a reflection of declining barriers unleashing the creativity of new generations of Black entrepreneurs" (Bates, 2015: 21).

## **Relationships**

Many of the articles reviewed focused on relationships between large and small businesses. It is noted that there is limited empirical research on the relationships between African American suppliers and large buying organizations. The first article included in this review studied the characteristics of the relationship between large purchasing organizations and ethnic minority suppliers in the U.K. The author notes that supplier diversity initiatives "appear to be a potent vehicle for ethnic minority businesses breaking out to mainstream procurement systems (Ram & Smallbone, 2003). The latter is regarded important for the viability and success of such firms, which play a significant socioeconomic role in almost all modern industrial societies (CRE, 2006; Worthington, 2009)"

(Theodorakopoulos, 2012: 114). The author categorizes four different types of interorganizational relationships: Traditional/adversarial, opportunistic behavior, tactical, and strategic collaboration. He notes that if supplier diversity efforts are going to be successful, commitment by both purchasers and suppliers is necessary. "Effective bilateral communication is a crucial aspect of purchaser-supplier relationships and performance (Carter and Miller, 1989; Heide and Miner, 1992; Krause, 1999; Li et al., 2003, Humpreys et al., 2004) that has been described as 'the glue that hold together a channel distribution' (Mohr and Nevin, 1990 in Prahinski and Benton, 2004, p. 41)" (Theodorakopoulos, 2012: 116). He provides a relationship assessment framework which focuses on the characteristics of the relationship between large purchasing organizations and ethnic minority suppliers.

Another article was found to cover the period of work regarding external relationships and small business between the years of 1990 to 2002. They found literature that examined both the characteristics of small businesses and those that were partners to them. The authors noted that "characteristics of the small business external relationship, such as relationship strength, network size, network structure, relationship type, goal compatibility, and existing trust represent the largest area of research regarding antecedents. Findings suggest that the strength of depth of the relationship positively influences financial performance" (Street & Cameron, 2007; Uzzi & Gillespie, 2002). In addition to small business characteristics, the authors also investigated environmental characteristics. The authors noted that "targeted governmental programs and policies increase alliance formation (Ahwireng-Obeng, 2001)(Rosenfeld, 1996) and government institutions can act as intermediaries to encourage the development of trust between

alliance members (Davenport, Grimes, & Davies, 1999; Street & Cameron, 2007). The author notes that there were only a small number of articles on strategy development and planning. The authors' goal of this article was to consolidate, integrate and categorize small business literate in this area. He also proposed three avenues for future research.

Another article recommends strengthening the relationship between large firms and small businesses that are involved minority supplier development programs in the United States. The study was comprised of a literature review of existing perspectives on the assisted growth and development of minority businesses. The authors note that "the recommendations of this paper are for firms wishing to develop or refine their minority supplier development programs" (Cox Edmondson et al., 2008: 111).

In a most recent article entitled "Do external diversity practices boost focal firm performance? The case for supplier diversity proposes that external diversity practices such as supplier diversity may affect firm performance," the authors note that despite the strong advocacy for supplier diversity, there is little theoretical guidance or empirical research concerning the influence of external supplier diversity on focal firm performance. The article concludes that "suppliers are vital stakeholders in organizational value chain, but they are underexplored in the setting of diversity policy" (Richard, Su, Peng, & Miller, 2015: 2241) Their findings suggest that the performance effects vary. The authors believe that "short-term challenges may be partially mitigated by not exerting maximum bargaining power on suppliers to drive down prices, establishing clear goals for supplier diversity, educating and training key stakeholders, regularly evaluating effectiveness, communicating the results to all constituents of the supply chain and

treating suppliers as partners who have mutual goals of creating shared value" (Richard et al., 2015: 2242).

### **Faith and Prayer**

The literature is limited in regard to the intersection between faith, prayer and minority entrepreneurship. A study on African American women leaders regarding faith suggests that "many have turned to faith in God to gain the strength to endure adverse experiences that stem from race, gender, and social class" (Walker, 2009: 647). The literature shares that African American women leaders experience the world through a different lens than the dominant group. The literature emphasizes the historical and cultural background of faith and spirituality of African American women in leadership positions (Walker, 2009).

A more recent piece of literature reviewed the influences of spirituality and religiosity within the field of entrepreneurship. The authors reviewed almost 30 articles in the emergent research area. The authors set out to review the existing research on the intersection of entrepreneurship, religion, and spirituality. The authors found that there was a deep connection between the personal values of religion and spirituality which come from the life of the entrepreneur and the success of their business undertaking. They indicate that the field is young and with the work that remains to be done, there is an open door for unique research that can contribute both the fields of entrepreneurship and workplace spirituality and religion (Balog, Baker, & Walker, 2014).

Another article examines the place of religion and entrepreneurship. The article explored "religious affiliation, belief, and behaviors of Americans who have started or are trying to start a business" (Dougherty, Griebel, Neubert, & Park, 2013). The authors

found that American entrepreneurs were more likely to believe in a personal God who was interested in their problems and affairs. They also found that those entrepreneurs prayed more than non-entrepreneurs, more than half of them pray daily, and a third prayed several times a day. The authors noted that the religion of entrepreneurs was more private than public and entrepreneurs worship in pro-business congregations (Dougherty et al., 2013).

# Methodology

This study employed grounded theory through a semi-structured interview methodology. Grounded theory is the discovery of theory from data systematically obtained from social research (Glaser & Strauss, 2009). Fieldwork is performed to collect data, which comes from the lived experiences of human subject matter. Generating a theory from data means that most concepts not only come from the data but are systematically processed in relation to the data during the course of the research (Glaser & Strauss, 2009). In grounded theory, there is constant comparative analysis in order to gain understanding. Coding is used to identify key themes and knowledge of the subject matter. The theories and concepts developed from this paper will contribute to both the practitioner and academic communities particularly as they relate to minority business growth.

#### Sample

I initiated a three-prong approach to attract participants for this qualitative study. The first approach was to utilize my personal network. The second approach consisted of referrals from participants that had been interviewed for this study, and the third approach was to use social media to solicit participants. Twenty-eight interviewees from my

personal network were identified. Five interviewees were excluded from this study. Two of the five were used for practice interviews, and the other three did not meet the criteria. In total, twenty-three participants were used in the sample from my personal network. Seven interviewees were obtained by referrals; so, after each interview was conducted, the interviewee was asked if he or she knew of another company within his or her network that might fit the criteria for this study and if they would be willing to give an introduction. Based on this information, I made the invitation and conducted the interview. Five firms responded to my LinkedIn poll, but only one firm met the criteria.

Table 1.	Classification	

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	African American	Non-Minority	Total
Male	9	7	16
Female	9	6	15
Total	18	13	31

A final sample size of thirty-one businesses was utilized in the study. Theoretical saturation was achieved at interview number 22; however, I decided to continue interviewing in order to capture additional themes that may not be specifically related to overcoming obstacles to business growth. The subjects included in this study were working business owners with firms that were at least four years old, employed at least one full-time resource and generated at least \$1 million in sales in 2014.

# Table 2. Company Size

2014 Annual Revenue	# of Responses	<b>Response Rate</b>
\$1,000,000 - \$4,999,999	18	58.06%
\$5,000,000 - \$10,000,000	6	19.35%
>\$10,000,000	7	22.58%

The majority of companies selected for this study came from my professional/ scientific and technical industry. For contrast and comparison purposes, I interviewed African American and non-minority business owners.

Industry Sector	# of	Percentage
	Companies	
Healthcare & Social Assistance	4	13%
Administrative Support, Waste Management & Remediation	6	19%
Transportation & Warehousing	3	10%
Professional, Scientific & Technical Services	17	55%
Retail	1	3%

**Table 3. Industry Sector** 

Data was collected between April and August 2015. The semi-structured interviews averaged sixty minutes. They were conducted and guided by an interview protocol approved by the Internal Review Board at Case Western Reserve University (see Appendix A).

The data analysis commenced with the first interview and continued throughout the data collection period and utilized an extensive, multiple process coding procedure. I began with initial coding by reviewing transcripts line by line using memos and notes to compare experiences (Charmaz, 2006). After completing the open coding process using NVivo v. 10 software, the author noted that 805 codes emerged.

The next step was focused coding to organize and consolidate initial codes. This allowed me to discover underlying concepts to expose the most frequent and significant initial codes. I consolidated the initial codes to 25. After focused coding had been completed, I began the process of axial coding. "The purposes of axial coding is to sort, synthesize, and organize large amounts of data and reassemble them in new ways after open coding" (Creswell, 1998: 12). I then consolidated the axial codes to four megathemes/final codes.

# Findings

My data revealed three types of barriers that high-performing African American and women-owned businesses were confronted with in growing their businesses. These high-performing businesses overcame obstacles by leveraging various types of diversity initiatives, relationships and utilizing faith and prayer.

	Sample					African-A	American	Non-M	inority
Findings	Size	Gender	Comparison	Ethnicity Cor	mparison	Comp	arison	Compa	arison
		Female	Male	African-American	Non-Minority	Female	Male	Female	Male
	31	15	16	18	13	9	9	7	6
Finding 1 - Barriers To Business Growth	26	13	13	16	10	7	9	4	6
Finding 1a - Barrier - Racial	12	7	5	12	0	7	5	0	0
Finding 1b - Barrier - Gender	11	11	0	5	6	5	0	6	0
Finding 1c - Barrier - Access to Capital	26								
negative experience	11	6	5	8	3	4	4	1	2
positive experience	15	8	7	10	5	6	4	3	2
Finding 2 - Faith and Prayer	16	10	6	11	5	7	4	2	3
Finding 3 - Diversity Initiatives	21	13	8	15	6	8	7	5	1
Finding 4 - Importance and impact of									
relationships	31	15	16	18	13	9	9	7	6
Finding 4a - Client Relationships	27	13	14	14	13	7	7	7	6
Finding 4b - Employee Relationships	23	13	10	11	12	7	4	6	6
Finding 4c - Relationship Building	29	13	16	17	12	8	9	5	7
Finding 4d - Teaming Partner									
Relationships	20	8	12	10	10	4	6	4	6
Finding 4e - Family Relationships	18	14	4	11	7	8	3	6	1

## **Table 4. Findings Chart**

# Finding 1: Barriers to Business Growth

My study found that high-performing firms were confronted with a variety of barriers to business growth such as race, gender, and access to capital. Racial barriers were identified by African American business owners only. While many non-minorities might think that racial discrimination is a thing of the past, racial discrimination was found in various forms throughout this study. Many African American business owners were not awarded business opportunities due to the color of their skin or were limited by majority firms that used tactics that split a piece of work that one company could provide into very small pieces and then the work was distributed to a number of minority vendors so that no one company had any meaningful work or compensation. An example of prime contractors using diversity programs to ensure that no African American firms will provide valuable work:

AAF5: "They were doing a lot of teaming for the airport expansion, each of these projects. These primes, most of them were doing things like, for instance, if the goal was 30%, they may have 15 African American firms on them. You get two percent, you get one. No one has any kind of meaningful work." — Quote from an African American female-owned engineering firm

Other African American business owners were included on bidding teams then

once the team won the contract, they were excluded from the team and the project. While one would think that all the African American company needed to do was sue or notify the authorities, many are monetarily limited and are concerned that they will be viewed as troublemakers by the client. African American females cited more instances of racial discrimination than African American males. An example of where African American culture was an important criteria to winning a project but was still awarded to a White male company:

AAF4: "Yeah, ... We were up against an ad agency that is male and Whiteowned and this was a public... project and a big piece of the work was understanding women and understanding diverse markets. This is where we ... It's a joke. Really, it's like a big, huge joke. Of course ... That company got the business, and they don't know crap about women or people of color, at all." — Quote from an African American female-owned marketing company

Non-minorities did not cite race as a barrier to growth.

## **Figure 4. Racial Barrier Quotes**

Racial discrimination is still a barrier to business growth

AAF4: "Yeah, one specific was when we were up against an ad agency that is male and Whiteowned and this was a public... project, and a big piece of the work was understanding women and understanding diverse markets. This is where we ... It's a joke. Really, it's like a big, huge joke. Of course ...That company got the business, and they don't know crap about women or people of color, at all."

An example of where African American culture was an important criteria to winning a project but was still awarded to a White male company.

Quote from an African American Female Owned Marketing Company.

AAF9: "We, both (Business Partner) and I knew that being Black and female, we don't get second chances. We had to go above and beyond, we feel, on every project. That is very stressful.

We have lost a Caucasian woman who worked here. Said it was too much. She said she never had to work this hard before and she was director of communications for municipality..."

An example of the stressful atmosphere of having to over-perform and over-achieve when being an African American Female business owner.

Quote from African American Female Owner of a Professional Services firm.

AAF5: "Even when we were starting out, and they had to use us, some firms would say, "Well, we'll use you, but we want you to hire (company name)," which is a White firm, "and let them do all the engineering."

*An example of a White firm still wanting another White firm to do the work.*  AAF5: "They were doing a lot of teaming for the airport expansion, each of these projects. These primes, most of them were doing things like, for instance, if the goal was 30%, they may have 15 African American firms on them. You get two percent, you get one. No one has any kind of meaningful work."

An example of prime contractors using diversity programs to ensure that no African American firms will provide valuable work.

Quote from an African American Female Owned Engineering firm.

AAF6: "In home care, there are all types of home care. If you're what they call a private duty home care, private duty is for people who can afford to pay out of pocket. It's an obstacle when you're an African American owned company, or you're out presenting, one of the things that will happen is people will call in, and they'll chat with you or what not over the phone. (The owner name which sounds White) is the tall blonde on the phone. Towards the end of the conversation, they will say, "One more thing. It's not us. It's mom. Mom is going to be more comfortable if the workers aren't African American. Is that something you'll be able to do?" My response is always, "No, that's not something we would be able to do. Here's how we operate. We're going to send you the best-qualified caregivers out to interview with you. You're going to select them. We're never going to ask you why you selected them or why you didn't select them. That's how we'll handle it." If (African American Owner) was in front of them, they'd never say that. We just wouldn't get the work."

An example of racial discrimination by customer.

Quote from African American Female Owner of Professional Service Firm.

AAM4: "You talk to them, and they say well we can't use you or ... they would just give you a check and say go away our people will do it, or they would just say go away."

An example of being denied business due to race.

Quote from an African American Female Owned Engineering firm.

Quote from African American Male Professional Services Firm.

Gender bias among all women was found to be a barrier to business growth while

none of the males cited gender barrier issues. Women business owners still tend to find

themselves as being viewed by males as unequal and incapable. Many of the participants

experienced situations where they were excluded from opportunities because of their

gender. An example of gender bias in business:

NMF1: "She said, you were passed by everybody on the board until the owner because it was such a small bank, had his hands on it and made one phone call to me and said, 'Just tell me why (company name) wants to take you nationwide with them?' I said, 'They've got a big diversity. They are just starting a big diversity program on woman-owned ...' 'That's exactly what I thought, no deal.'" — Quote from a non-minority female professional services business owner

In many instances, women business owners allude to the "good old boy" network as

being still prevalent in today's society, so women are excluded from opportunities that

are reserved for males only. An example of gender bias in business from a non-minority

female professional services business owner:

NMF5: "I went in there and shared what (company name) did and how extensive the business is. I looked around the room; there were probably 100 men, all different business owners in (city name). I looked around the room and said there is no f---ing way these people are going to give me any business and they didn't. They support each other's businesses...so they didn't give me any business. They weren't going to. I knew it. I looked in their faces, and I thought whatever." —

### **Figure 5. Gender Barrier Quotes**

#### Gender bias is still a barrier to growth

NMF1: "A man that was coming from one of my competitors and he said, "They're all making fun of you out there, they are all taking bets on your demise and with your husband's money." Which it was not my husband's money."

#### An example of gender bias in business.

Quote from a non-minority female professional services business owner.

AAF1: "I remember going in to get my loan, and I showed up at the bank, and I was a little early, and my husband was coming too because since I had to put a guarantee on the house, he had to be there too. I'm sitting there, and I remember the loan officer asking me "Did your husband, has your husband reviewed your plan, and does he agree with it?" I said, "No, what does that got to do with anything?" I said later it was almost like because he's your husband, he's the head of the household, and if he says you can't do this, you can't do it. I said "My husband's got to read my plan? Just sign the thing."

#### An example of gender bias in business.

Quote from a non-minority female professional services business owner.

NMF1: "She said, you were passed by everybody on the board until the owner because it was such a small bank, had his hands on it and made one phone call to me and said "Just tell me why xxxx wants to take you nationwide with them?" I said "They've got a big diversity. They are just starting a big diversity program on woman-owned ..." "That's exactly what I thought, no deal."

#### An example of gender bias in business.

Quote from a non-minority female professional services business owner.

NMF6: "That was an obstacle because people look at you and when you work with your husband they just assume that you're there because you're bored at home. In my case, I had figured out how to handle that and having a technical degree; I can always seem to figure out a way to work it into the conversation that yeah when (husband's name) and I met at electrical engineering school at the university so many years ago. Oh, you're an engineer? Yeah, I'm an electrical engineering. Oh, it's like night and day difference. They suddenly go, oh well maybe you're just not here because you're bored at home."

#### An example of gender bias in business.

Quote from a non-minority female professional services business owner.

AAF2: "They had wanted to do some business, and the guy kept shuffling. I said, "Well, what are you interested in?" He was dancing around the subject. And I'm matter-of-fact. What do you want to know? Do you want to, are you looking to do, for me to prime it? Kind of thing.... After the meeting, he calls (name), which is my advisor and says, (Female business owner's name) is just too aggressive."

#### An example of gender bias in business.

Quote from an African American female professional services business owner.

NMF5: "I went in there and shared what (company name) did and how extensive the business is. I looked around the room; there were probably 100 men, all different business owners in (city name). I looked around the room and said there is no f---ing way these people are going to give me any business and they didn't. They support each other's businesses....so they didn't give me any business. They weren't going to. I knew it. I looked in their faces, and I thought whatever."

An example of gender bias in business from a nonminority female professional services business owner. Our data suggests that another barrier to business growth is accessing capital. Please refer to Table 5. A number of participants had negative experiences and were unable to get access to capital. In many instances, African American owned companies used personal capital or got money from friends and family.

AAM1: "We started going to banks and say, "Okay. Here's our past. Here's our revenue and cash flow for all these years. Here's our backlog. Can we get a loan? Anybody, can you give us a loan?" I've got working capital and couldn't get it. I don't think we got a loan from anybody."

Much of the literature speaks to accessing capital as a barrier, and it is for some;

however, surprisingly, many of the interviewees had positive experiences. Our study revealed that more interviewees had positive experiences than negative experiences with accessing capital. Over half of the African Americans have had a good experience. It is noted that two of these same African American females were able to change the negative experienced to a positive one. However, it must be noted that some of the positive experiences are due to the fact that relationships were leveraged to attain access to capital.

AAF5: "I talked to my cousin who was on the board of ... She said, 'Here's who you talk to. His name is (name).' So, then he ended up leaving his last bank, and he and some other started a bank, and that's (name) Bank. When (bank name) poo-pooed us, then we called (name) and (name) said, 'I'll take care of you,' and he has. We have a million dollar line of credit with him now. We have all of the drill rig loans. I think we have two that are still out there in terms of loans. We have mortgage on this building, but he's been a wonderful partner."

### Figure 6. Accessing Capital Quotes

Accessing Capital is a negative experience for some firms

AAM1: "That was a challenge. We tried to say … We started going to banks and say, "Okay. Here's our past. Here's our revenue and cash flow for all these years. Here's our backlog. Can we get a loan? Anybody, can you give us a loan?" I've got working capital and couldn't get it. I don't think we got a loan from anybody."

AAF5: "When we were with (name) Bank, and they're not used to this kind of a business. They're used to I think more of retail or you sell something, you get paid. Not this 90-day waiting on getting your money. We needed to increase our line of credit, and they were not having it. After we showed them our backlog and we were trying to convince them there's some contracts out there that we've already signed. They said, "I think I'll pass." AAM5: "Going to the bank is a catch-22. You go to the bank, they go through everything, and they find one little thing that's off, even though you've deposited money into that bank account for six or seven years, they'll point to that one little thing to say, "Oh, no, we can't give you this. We can't do that for you."

NMF4: "They turned me down. I didn't have any assets."

#### Accessing Capital is a positive experience for some firms

AAF1: "I was able to get a small business loan. I was twenty-nine at the time, a twenty-nine-yearold African American woman. I told people now; I can't sit here and tell you that banks won't loan money to women or minorities because they loaned it to me. They loaned it on my idea, but they also loaned it on the credibility that they knew I would pay it back.

NMM3: "So it was the fact a new business in the early 80's going to a bank and saying you're starting a new business with big organizations when you are a nobody. You don't really have any kind of backing, so that wasn't easy for them to swallow but the proof was in the pudding. And (company name) people themselves the managers we worked for actually met with our banker. We got them together they literally were across the street from one another, so it was kind of easy. We did that, and we invited them over to the facility and let them meet all the people and the senior vice president of the organization at the time nothing was in writing, but they said we would go along with it and they did." AAF3: "Once they understood the diversity spend, my credit line with them is unlimited. I mean, really, unlimited. I forecast to them. We have millions of dollars and if (vendor name) or somebody else doesn't pay within their 30-day terms, and I negotiated 60 days with them, if something goes wrong, I'm just upfront with them."

AAF5: "I talked to my cousin who was on the board of ... I'm trying to think of the name of the bank at the time because it's been sold several times. I can't think of the name of it, but anyway, she said, "Here's who you talk to. His name is (name)." So, then he ended up leaving his last bank, and he and some other started a bank, and that's (name) Bank. When (bank name) poo-pooed us, then we called (name) and (name) said, "I'll take care of you," and he has. We have a milliondollar line of credit with him now. We have all of the drill rig loans. I think we have two that are still out there in terms of loans. We have mortgage on this building, but he's been a wonderful partner."

## **Finding 2: Faith and Prayer**

Over half of the respondents leveraged faith and prayer in their work life. Please

refer to Table 5. Many spoke of faith as sustainment while other spoke of God as leading

them in their business lives. Faith and prayer were used in African American and women-

owned businesses as a tool in their toolbox.

AAF8: "I think we were always propelled by we can make this happen if we put God first, if we hold on to our faith, and if we be as smart about doing business for ourselves as to have been for leading organizations for someone else. We just put our nose to the grind and just did that.

"When we laid our business out, our mission and our objectives, in one of the unwritten visions that we had was our scripture. It said, "Write the vision and make it plain." When that started to manifest itself in our life at the firm, and it was very early on we started, we were showered with contracts."

Many participants viewed faith and prayer as helping them to make good decisions and

guiding them and the company in the right direction.

NMF5: "I think prayer is a big part of where the company goes and how we think about ourselves. I think serving the Lord doesn't just happen on Sunday morning. It happens all day, every day. Since those people spend all their time at work. Then the best way to do it is to be servants to the Lord in the workplace. There's lots of opportunities for that."

# **Figure 7. Faith and Prayer Quotes**

Faith and Prayer as a part of the toolbox

NMF5: "When I do prayers in a big group, my HR ... used to drive my HR director mad. She's like, "You're going to pray in the middle of ..." I'd start my prayer by saying, "I think right now I'd like to start this meeting with prayers. If you're not the praying type, then you can think about your grocery list or whatever you want in your head. As for me, I'm going to pray."

I think prayer is a big part of where the company goes and how we think about ourselves. I think serving the Lord doesn't just happen on Sunday morning. It happens all day, every day. Since those people spend all their time at work. Then the best AAF2: "He just kept me strong, kept me stable. I'm a female, so there's many times I cry and say, "Why did I do this?" Like I said, "I should've kept my job at 27 at (Government Agency). I'd have been retired, and xxxx," because I was a high achiever. You go through mentally a lot of changes, so He just kept me grounded. I just stayed in my faith. I'd get back up and say, "Okay, God, I know You're there."

"My brothers, my parents supported me emotionally, and they prayed, so there's no divine intervention for me, it's my God's grace, and because I knew I was a good person and a person of integrity. God would not steer me wrong. I had way to do it is to be servants to the Lord in the workplace. There's lots of opportunities for that."

AAF8: "I think we were always propelled by we can make this happen if we put God first, if we hold on to our faith, and if we be as smart about doing business for ourselves as to have been for leading organizations for someone else. We just put our nose to the grind and just did that.

"When we laid our business out, our mission and our objectives, in one of the unwritten visions that we had was our scripture. It said, "Write the vision and make it plain." When that started to manifest itself in our life at the firm, and it was very early on we started, we were showered with contracts."

AAM9: "There's always been a good, what I would say a good religious foundation. Even I had a partner for a few years before he left, he was very religious as well. We did a lot in that mentality and tried to have people around us that we felt fit into that mentality." to just not try to guide in my way, and I didn't get that not try to guide in my way until 2014.

NMM6: "It's exactly where God placed me, and He said, "This is where you're supposed be, and you'll be okay." It's not euphoric, but it's close to that."

AAM2: "Make a long story short, I made a prayer to God, I tell him, I said, "God, I've done everything that I've been taught to do, trained to do, grew up to do, I'm exhausted. I don't have any more answers. I need your leadership." In 30 seconds the phone rang, it was (company name). 30 seconds."

### **Finding 3: Diversity Initiatives**

Much of the literature about diversity initiatives have proponents for them or critics that are against them. The major argument against government set-aside programs is that they promote "reverse discrimination" against the non-minority businesses and are illegal; they are only fronts for non-minority firms, finding qualified minority businesses in certain industries is difficult or impossible, and only a small number of firms benefit from set-asides (Cox Edmondson et al., 2008). Proponents for diversity initiatives insist that they provide opportunities for minorities to participate in the economy and level the playing field. Ong (2001) studied a sample of 2,075 Small Business Administration's 8(a) graduates and his findings "support the assertion that set-aside programs increase the ability of minority firms to compete in the private sector." His study also concluded that participation in the 8(a) program lowered the number of firms that went out of existence

(Ong, 2001). Bates documented the role of preferential procurement programs from inception to current day. He contends that government entities that are operating successful programs are now capable of weeding out front firms, easing bonding requirements, unbundling contracts and paying MBE vendors promptly, which in turn has lowered the barriers to limiting MBE participation in procurement markets. "On balance, the record of preferential procurement programs in the United States is one of success" (Bates, 2015: 20). Bates also concludes that "Success in preferential procurement is a reflection of declining barriers unleashing the creativity of new generations of Black entrepreneurs" (Bates, 2015: 21). Unfortunately, my data does not support that barriers are declining; however, my data does support the need for diversity programs. In this regard, my data suggests that diversity initiatives are crucial for the growth of highperforming African American and non-minority female-owned businesses. The majority of African American business owners and non-minority business owners view diversity initiatives as leveling the playing field, opening doors and key to accessing decision makers.

NMF5: "Oh my God! It totally changed our business totally, like a red carpet we rolled out in front of the state building in (name), said, 'Come on in.' Right as I was realizing that my company was going to die if would just get (Government) business."

Diversity initiatives also encourage the development of relationships between large majority firms and African American firms as well as women-owned firms. Many of the interviewees felt that without the diversity initiatives these relationships would not ordinarily occur.

AAM1: "I'm a proponent of all those programs. I've been on a program that they have to justify the DBE program every year. Once a year, they set out a project, with no goals on it. It comes back with no participation. That's how they justify keeping that program. My thought is, firms only use you if they have to meet those goals. If those goals didn't exist, even though you worked with them on previous projects, they would not use you."

## **Figure 8. Diversity Initiative Quotes**

#### **Diversity Initiatives**

NMF6: "There's some contracts with the state, pretty much just the (name). That's the only place it's been a benefit. We've really not cashed in on anywhere else. My philosophy with it is you use it to get your foot in the door, and then you delight them to the point where even if they don't have WBE requirement on the next bid they still want to do business with you. It certainly helps me on a daily basis. We were strategizing about how to use it on a contract so yeah. Yeah, I like it a lot. Don't make it go away.

AAF3: "Oh, yes. Yes. Having the certification, yeah, I can be minority-owned, but I got to be certified. I have the woman owned, minority owned, certified by both states, (name) and (name). It does open up doors, especially with corporations that have government contracts. They'll call me, (name), are you certified by dah, dah, dah, dah? Yes, I am. Good. I want to use your name out there. Yes, it does help."

AAM3: "You can't meet with the government organizations not unless once you achieved 8a. However, using the leveraging the small business development center we were able to actually link up with commercial large companies. That's like trying to drop a pin in a haystack. It is that a very, very hard or trying to find a pin in a haystack. Then we saw an opportunity that we can team with them on. We contacted them and said that this opportunity is for small business would they be available to discuss and see if we can team together. Then we started talking, but the opportunity came out as polite large business. They contacted us back and said that "We're willing to have you on as a team member who applied." That's how we gained the subcontract and then put in with another directorate within the Army." AAM1: "I'm a proponent of all those programs. I've been on a program that they have to justify the DBE program every year. Once a year, they set out a project, with no goals on it. It comes back with no participation. That's how they justify keeping that program. My thought is, firms only use you if they have to meet those goals. If those goals didn't exist, even though you worked with them on previous projects, they would not use you."

AAF7: "By working with supplier diversity managers and going in and introducing our companies and telling them what we have and what we do, that has definitely been beneficial. I don't really have to say we're minority-owned at all. I introduce myself, and that's all, but I do have to have the certifications because they'll turn around and ask, "Are you minority-certified or woman-owned?" We'll say yes, and that has led to opportunities."

NMF5: "Oh my God! It totally changed our business totally, like a red carpet we rolled out in front of the state building in (name), said, "Come on in." Right as I was realizing that my company was going to die if would just get (Government) business."

### **Finding 4: Relationships**

All respondents cited the importance and influence of relationships. Relationships

were categorized into four sub-findings that include the following: client, employee,

relationship building, and teaming partner relationships. All respondents emphasized the importance of the client relationship and how that relationship translated to repeat business. One hundred percent of non-minorities both male and female spoke of employee relationships. Some took pay cuts to avoid laying off employees. Many companies indicate that they have deep loyalty to their employees, and many employees are loyal to their employers. Many businesses owners view their employees as part of the family.

AAF9: "One employee who was with us for fifteen years, went out on her own last year. She wants to do more life coaching, but we're working on five projects with her on strategic planning. I'm the godmother of her two children. That's how close we are. (Business partner) and I are the godmother of her two children. Another young lady who left here who now works at (company name), she's getting married in St. Lucia next month. My husband's walking her down the aisle."

The act of relationship building was referenced 100 times, and 30 out of 31 respondents

cited this topic. All of the individuals in the study understand the importance of building

relationships.

AAF9: "She and I just really hit it off. She had asked me, of course, "What do you do?" This and that. I said, "I just started this business recently." Where's your bank?" I said, "Well, we've had trouble getting a revolving line of credit." We had this little running joke between us that the food was great at this, it was a stand-up dinner, but they didn't have forks, so it was literally and figuratively finger food. We were just joking about that, and we just, again, just really hit it off. The next day, I had someone call me from that bank. Two days later, I had the revolving line of credit."

# **Figure 9. Client Relationship Quotes**

#### **Client Relationships**

We service them so well they loved us. Everybody in the storeroom. We were friends with the storeroom people, the head of procurement and everybody in safety and out in the field. We'd been out at the refineries and everything.

We did well the first 2 years. He was so impressed with the fact that developing documentation, the business process, work flow, how to handle calls, when to triage calls, we built all that. That wasn't in our SOW. As a result, he also was responsible for (name) and (name) visitor center access. When he got the approval to privatize the visitor center access at (name), he gave it to me. Your relationships are so important starting a business, and I had a \$50,000 line of credit and I bought it from this one vendor and (name) and (name) paid me off, and then I paid the vendor off, and then they turned back around and did it again.

When our OEMs, the original equipment manufacturer, hear about the jobs that we do and they give us leads, that first lead, you've got to do it right or else they won't give you any more. It was a hospital in (city name). I think it was a million and something, and they gave us that lead. We got it, provided the product, and they were very happy.

Team partner relationship was referenced by 21 out of 31 respondents. The

majority of non-minority males cited teaming relationships. Many of the respondents

understand that teaming relationships are a necessity and being on a team can open the

door for future opportunities and recommendations.

NMM7: "We got on that team, and we were on that team with two of our competitors. We were tasked with walking and assessing hundreds of sites. We did I think over 300 sites. We were tasked with that and doing reports and doing cost estimates. We did a great job for (company name) on that. Far better than our two competitors. .... in the end, didn't win that job but they looked at us and said, "Wow, these guys really stepped up to the plate. They did a good job. They didn't charge us for it." We just did it as a business development type expense, and it really impressed them. That's how we got our next opportunity. Our growth on that side of the business, on the public safety side, has been the result of old-fashioned hard work and doing a good job."

# Figure 10. Employee Relationship Quotes

Employee Relationships - owner's empathy or caring of employees

NMM5: "People move around a lot in the consulting business. I don't treat them like employees, as much as we ... I am very concerned of what company comes in with a CFO that is looking strictly at the bottom line, would do for those employees.

They have a lot of loyalty to me, and I have a lot of loyalty to them. I think, I am very much concerned. In fact, the main reason I couldn't talk to the real owner of the company that was wanting to buy me, until I signed my life away, on some document. I'm like, "No I need to talk to them. I need to know what they're all about. I want to know what would happen." I could see, them come in, and start going with the h1 ranked coming in, some of the h1's and replacing some of these people, and putting them on the street. I don't want to see that happen."

AAF6: "I took her over to (company name), introduced her to every nurse on that contract. Said here are the people that are coming on. It just makes it real easy for her to transition and work with my staff. One of my staff I remember (name). He said, "Why are you making it so easy for them?" I said, "Really I'm making it easy for you all." I said, "Because why should you all lose your jobs when you've been here for 6 years, and she can just hire you guys on. We can't make her hire you, but make it easy. That transition." Didn't need all that headache." AAF9: "One employee who was with us for fifteen years, went out on her own last year. She wants to do more life coaching, but we're working on five projects with her on strategic planning. I'm the godmother of her two children. That's how close we are. (Business partner) and I are the godmother of her two children. Another young lady who left here who now works at (company name), she's getting married in St. Lucia next month. My husband's walking her down the aisle."

AAM1: "Again, that's around maybe 2009ish too, when everything was tanking. We want ... We're people, we're compassionate and said, "We can't lay xxx off. (name)'s got a family." We'd keep (name) on and keep (name) on. Hopefully, things would turn around. Fortunately for us, we have never had to lay off anybody. We were able to pay the bills, pay the salaries, even though we had to decrease our salaries to pay them, pay our employees. We were able, again, not lay off anybody.

The majority of females cited family relationships as supporting business growth

while less than half of the males cited family relationships. Only 1 out of 7 non-minority

males cited family relationships as important. Many participants cited a family member

that could trust in their business.

AAF2: "As we were growing, I went to her and went to her husband and asked, "Would you guys be willing to move to (City)?" I needed a trusted person who understood HR, because it's not your finding an accountant or IRS, yes, you could always make compromise, but the Department of Labor is worse than IRS by far, so when you're dealing with employees, you have to make sure you have someone who understands all the HR component."

#### **Figure 11. Relationship Building Quotes**

#### **Relationship Building**

AAF2: "I was frustrated. If I did everything right, why didn't I get the contract? And I really rely on a book called "Relationship Economics" to really begin to build my relationships. Because I don't care how smart you are, how much you know, how much money, it's about who you know.

AAM1: "...we were doing construction management services. (Company name) was the team lead. It was three other small businesses, minority businesses, on their team. Only thing we were doing at that time, I think we were doing documentation, project documentation. We were doing project documentation. They said, "Hey, one of the companies, one of the three, they went out of business. Can you guys do this for us?" Then, we started doing estimating for them. Estimating change orders from general contractors. "Hey, you guys are doing a great job. What about scheduling? Can you do scheduling?" "Yeah. That's one of our competencies. We can do that." We started doing that. We moved from a one function on; it was four projects, one function to three functions."

AAF3: "If you know people, they're there to assist you. We got some people in from (name) House, which is a non-profit organization to help men turn around who have alcohol or drug addiction and we hire them to open up boxes, and all of that. Then, people that we knew, they let us store the equipment in their warehouse. Of course, I had to have insurance, which you have to have those things when running a business, so it's just the relationships and so forth. It keeps you going, and you may have a hurdle, but there's somebody out into the (city) area that can help you figure it out. Everybody knows everybody."

AAF9: "This, again, was in 1998, so it's been a while. She and I just really hit it off. She had asked me, of course, "What do you do?" This and that. I said, "I just started this business recently." "What is it like? Where's your bank?" I said, "Well, we've had trouble getting a revolving line of credit." We had this little running joke between us that the food was great at this, it was a stand up dinner, but they didn't have forks, so it was literally and figuratively finger food. We were just joking about that, and we just, again, just really hit it off. The next day, I had someone call me from that bank. Two days later, I had the revolving line of credit."

## Discussion

The focus of this research was to better understand how high-performing African American-owned businesses have overcome obstacles to growth. Boston and Boston (2007) concluded that they could not figure out why high-performing companies with the same characteristics and attributes stayed high-performing while low-performing African American companies with the same characteristics and attributes did not grow. They concluded that there was no answer, it was a "black box" (Boston & Boston, 2007). However, my findings revealed that racial and gender barriers continue to exist and the lack of access to capital may be a result of racial and gender barriers. My data also suggests that high-performing African American and women-owned businesses participate in various diversity initiatives (government and corporate diversity programs), build strong relationships, leverage those relationships, and many rely on faith and prayer to overcome such obstacles.

# **Racial Barriers**

Current literature reports that the lack of education, access to capital, and business experience are key barriers to success. Today's publications do not adequately address the experiences of African American-owned businesses as they relate to racial and gender biases. "In addition to the neglect or downplaying of racial discrimination in the entrepreneurship literature, there has been much argument in other scholarly writing that racial discrimination is no longer a serious problem for African Americans, especially for those in, or moving into the middle class" (Feagin & Imani, 1994: 563). However, my data suggests that race is still a barrier—even in high-performing African American firms. Over half of the African American respondents identified race as a barrier to business growth, and almost all of the African American women participants indicated that race was a barrier to growth. In contrast, none of the non-minority men or women indicated that race was a barrier to growth. Many African American business owners shared experiences of being excluded from business opportunities, non-minorities refused to work with them after contract award and business opportunities were awarded to nonminority firms that did not have the qualifications.

# **Gender Barriers**

Over the past 30 years, there has been an increase in the amount of literature regarding women entrepreneurship. Much of the literature suggests that "in terms of both entrepreneurial options (e.g., occupational choices) and entrepreneurial resources (e.g., sources of capital), women are more disadvantaged than men, and minority women are more disadvantaged than non-minority (White) women" (Smith-Hunter & Boyd, 2004: 25). My data is in agreement in that women identify their gender as a barrier to growth. Interestingly, all of the non-minority female business owners indicated that their gender was a barrier while only close to half African American female business owners expressed that their gender was a barrier to growth (Note: Due to the theory of intersectionality, African American female business owners may notice the racial barriers over gender). The literature also suggests that looking at the uniqueness of African American female businesses owners from the lens of social stratification may speak to the entrepreneurial process which is influenced by societal norms, values, rules regulations and public policies (Robinson et al., 2007). Many of the experiences of women business owners revealed that the "good old boy" network was still a barrier, and men tended to support each other's businesses while being less supportive of women. Our data also reported that female CEOs/Business owners also experienced sexist comments and unwarranted advances while trying to conduct business. None of the males cited gender barrier issues.

## Access to Capital

Many studies have been conducted and confirm that "Black-owned businesses are less likely to have their bank loan applications approved than similarly situated White

businesses (Blachflower, Levine & Zimmerman, 2003)" (Bates, 2006: 232). Our data confirms that African Americans still have negative experiences with accessing capital while only a very small number of non-minorities had negative experiences. But, surprisingly, only half of the African Americans had negative experiences. Of the African American owned businesses that did have negative experiences, they were shared equally among those African American males and females.

My data suggests that a little under half of the African American-owned businesses had positive experiences. My data also reveals that almost equal amounts of both African American males and females shared in positive experiences with access to capital. This change may be due to the plethora of literature regarding this issue and news exposure documenting these negative experiences. This also may be due to African Americans having more significant roles in the banking system. Many interview participants spoke of developing relationships with bankers, being referred to bankers personally and having past military experience which enabled them to leverage programs like SBA's express loan program which is just one type of program that was designed for veterans to get loans to pursue business ventures (U.S. Small Business Administration, n.d.). My data revealed that a very small number of non-minority males experienced access to capital issues. Social structural theories may come into play as it relates to why White males have an easier time with accessing capital. Social structural theories include realistic group conflict theory (LeVine & Campbell, 1972) and sense of group position (Blumer, 1958; Bobo, 1999) which generally maintains that individuals identify with their own racial or ethnic group, and that group conflict emerges from competing interests, and that dominant groups develop and propagate ideologies that maintain and

even legitimize their higher social status (Bobo & Fox, 2003; Jackman & Muha, 1984; Sears, Sidanius, & Bobo, 2000).

## **Diversity Initiatives**

Most of the literature reflects a debate about the validity of diversity initiatives much like the affirmative action. The programs help to level the playing field and setasides provide opportunities for ethnic business enterprises to fully participate in the economy (Cox Edmondson et al., 2008). Critics argue that the programs are illegal, minority businesses only serve as fronts for White businesses, and that identifying qualified minority businesses is too difficult (Cox Edmondson et al., 2008). None of my data supports the critic's point of view. The majority of my data is in support of diversity initiatives. The majority of African American business owners and non-minority female business owners support diversity initiatives. Most felt that these programs opened the door for opportunities and even leveled the playing field. Bates reports that "successful preferential procurement programs succeeded because of the lowered traditional barriers limiting size and scope of the minority business community. They succeeded because they created a less discriminatory environment that allowed talented entrepreneurs to create large firms capable of handling major procurement opportunities" (Bates, 2015: 20).

# Relationships

Relationships had a very strong influence on our research project. The importance of relationships was agreed upon among all 31 participants. My data has been categorized into five different sub-themes regarding relationships. They include the following: relationship building, client, employee, teaming partner, and family relationships. All of

the male participants agreed about the importance of relationship building and almost all females also did. The National Minority Development Council (NMDC) has been instrumental in relationship building from the corporate member perspective. These corporate members "seek to establish and build relationships with ethnic business enterprises in order to compete fairly and equitably" (Cox Edmondson et al., 2008: 115). Much of the literature that has been found relates to nascent minority entrepreneurs and not established firms. The participants in our study were at least 4 years old.

Company Age					
4 out of 31 participants	6 - 11 years old	13%			
11 out of 31 participants	12 - 16 years old	35%			
6 out of 31 participants	17 to 21 years old	19%			
3 out of 31 participants	22 to 26 years old	10%			
4 out of 31 participants	27 to 31 years old	13%			
2 out of 31 participants	32 to 36 years old	6%			
1 out of 31 participants	37 to 70 years old	3%			

 Table 5. Company Age Table

I did find some literature which indicated that women, compared to men, "prefer to organize in networks that include a broad range of people and to create collaborative and cooperative relationships within those networks" (Sorenson, Folker, & Brigham, 2008: 615). Much of my data confirms these types of relationships.

Client relationships were very important in overcoming obstacles to business growth. Much of the literature defined client relationships in terms of supplier relationships. All non-minority participants spoke of the importance of client or the buyer/supplier relationships. Not all, but a large majority of African American firm owners spoke specifically about the importance of client or buyer/supplier relationships. The majority of women and men spoke of the importance of these types of relationships in overcoming obstacles to growth. "The web of external relationships that surrounds any small business, whether referred to as a 'strategic alliance' (Miles, Preece, & Baetz, 1999) or a 'network' (Curran et al., 1993), is capable of providing a wide variety of tangible and intangible benefits" (Street & Cameron, 2007: 240). It is noted that there is limited empirical research on the relationships between African American suppliers and large buying organizations. One article studied the characteristics of the relationship between large purchasing organizations and ethnic minority suppliers in the U.K. The author notes that supplier diversity initiatives "appear to be a potent vehicle for ethnic minority businesses breaking out to mainstream procurement systems" (Ram & Smallbone, 2003: 101). The latter is regarded important for the viability and success of such firms, which play a significant socio-economic role in almost all modern industrial societies (Theodorakopoulos, 2012; Worthington, Ram, Boyal, & Shah, 2008). The author categorizes four different types of inter-organizational relationships: Traditional/ adversarial, opportunistic behavior, tactical and strategic collaboration. He notes that if supplier diversity efforts are going to be successful, commitment by both purchasers and suppliers is necessary. "Effective bilateral communication is a crucial aspect of purchaser-supplier relationships and performance' (Carter & Miller, 1989; Heide & Miner, 1992; Humpreys et al., 2004; Krause, 1999; Li et al., 2003) that has been described as 'the glue that hold together a channel distribution' (Mohr & Nevin, 1990 as cited in Prahinski & Benton, 2004: 41)" (Theodorakopoulos, 2012: 116).

Much has been written about the quantity of jobs that are created by small businesses and the fact that Black businesses hire more Black employees than nonminority businesses; however, I have yet to find information regarding the relationships between minority or African American small business employers and employees. My data suggests that both males and females value employee relationships and many of the high-performing companies build long-lasting relationships with their employees. All of the non-minority business owners spoke of the importance and value of employee relationships, and a little over half of the African American business owners spoke of the importance of employee relationships. Females spoke of the importance of employee relationships more than males. Many of the participants viewed their employees as part of their family or felt a responsibility for them; however, we found no literature supporting this viewpoint.

My data confirms this notion of teaming relationships and the importance of leveraging teaming relationships in order to overcome obstacles to business growth. "Few would disagree that forming and managing relationships is an important strategy for small business development" (Street & Cameron, 2007: 1). My data suggests that teaming relationships are critical to overcoming obstacles to business growth. More males than females spoke of the importance of teaming relationships. Almost all of the non-minority males identified the importance of teaming relationships while over half of the African American males referred to the importance of teaming relationships. Almost all non-minority females were in agreement that teaming relationships were important while less than half of African American females referenced them. The lack of teaming relationships by African American females may explain why they lack in sales as compared to non-minority females. In a number of instances, "targeted government program and policies increase alliance formation" (Ahwireng-Obeng, 2001; Rosenfeld, 1996), and government institutions can act as intermediaries to encourage the

development of trust between alliance members (Davenport et al., 1999; Street & Cameron, 2007). My data confirms that many of our interview participants benefited from diversity initiatives like government programs that required the use of subcontractors; however some participants cited negative situations in which they were given teaming agreements to win contracts and then were discarded award.

Family relationships were important to high-performing African American males and females as well as non-minority women business owners. My data suggests that family relationships were supportive and helpful in overcoming obstacles to business growth. The literature reveals that "female SME owners did not make significantly more use of informal networks, although they did make significantly more use of family and friends" (Watson, 2012: 544). My data supports this information because almost all African American females relied on family relationships and all non-minority females agreed. Many of the high-performing business owners had family members participate in their firms because they could trust them above all other employees. Almost all females cited the importance of family relationships in overcoming obstacles to growth while less than half of the males agreed. Over half of African American business owners indicated that family relationships helped with overcoming obstacles and close to half nonminorities agreed. Males had a different viewpoint. Less than half of African American males expressed the importance of family relationships in overcoming obstacles to growth while hardly any non-minority males agreed. Some of the literature indicates that there is a controversy in women's roles as entrepreneurship. "When evaluating men and women without controlling for what type of business they own, women tend to come out on the losing side" (Ahl, 2006: 603). This is also called the "female underperformance

hypothesis" (Ahl, 2006; Du Rietz & Henrekson, 2000). In contrast, my data shows that high-performing women business owners tend to leverage family member relationships to their advantage.

# **Faith and Prayer**

"Religion has a place of importance for American Entrepreneurs" (Dougherty et al., 2013: 407). Over half of my interview participants noted that faith and prayer were utilized to overcome obstacles. American entrepreneurs are "more likely to believe in a personal God who is interested in their problems and affairs. They also pray more than non-entrepreneurs" (Dougherty et al., 2013: 407). My data suggests that more African American businesses owners utilized faith and prayer than non-minority business owners. In addition, over half of the female participants referenced faith and prayer while less than half of males did so. My data suggests that the majority of African American females used faith and prayer in their entrepreneurial toolbox. Over half of the African American females rely on faith and prayer while only half of the non-minority females. A study on African American women leaders regarding faith suggests that "many have turned to faith in God to gain the strength to endure adverse experiences that stem from race, gender, and social class" (Walker, 2009: 647). The literature shares that African American women leaders experience the world through a different lens than the dominant group. The literature emphasizes the historical and cultural background of faith and spirituality of African American women in leadership positions (Walker, 2009). "According to a black American Scholar, black spirituality affirms, negates, and transcends aspects of Anglo-American culture, creates and sustains African American culture, and establishes psychological and spiritual relocation in response to oppression

and various systems of devaluation in American Society (Stewart, 1999)" (Garcia-Zamor, 2003: 356).

Almost half of the African American males referenced faith and prayer while only a small number of non-minority males spoke of faith and prayer regarding business growth (Conley, 2015). This may be explained by a set of social structure theories in that non-minority males don't need to rely on faith and prayer to overcome obstacles because they are not confronted with the same barriers that African Americans and non-minority female business owners encounter. Also, a small number of respondents declared that their organizations were faith-based. A more recent piece of literature reviewed the influences of spirituality and religiosity within the field of entrepreneurship. Balog et al. (2014) reviewed almost 30 articles in the emergent research area. They set out to review the existing research on the intersection of entrepreneurship, religion, and spirituality. The authors found that there was a "rich connection between the personal value of religion and spirituality in the life of the entrepreneur and the success of their venture" (Balog et al., 2014: 181). They indicate that the field is young and with the work the remains to be done, provides an open door for unique research that can contribute both to the fields of entrepreneurship and workplace religion and spirituality (Balog et al., 2014).

# Implications

# **Implications for Practitioners**

African American and women-owned firms need to leverage diversity initiatives (government and corporate programs) to gain access to decision makers and to level the playing ground. Federal government programs such as the Small Business Administration provide certification for the 8(a) program and the Women-Owned Small Business

Programs. State diversity programs that have government spending goals certify small minority and women-owned businesses and include them in state databases so that prime vendors can locate them for partnership opportunities. These certifications are critical to minority and women-owned business growth. Minority firms also need to build and leverage their person and business network to identify opportunities and partnerships. Organizations like the National Minority Supplier Council can help companies to build networks with other minority-owned companies as well as promoting large corporate diversity among its membership. African American firms also need to understand how to navigate existing racial and societal barriers to markets and success.

# **Implications for Academia**

Diversity frameworks and theory need to be better understood in the framework of entrepreneurship theory. Faith and prayer theory needs to be considered in building better entrepreneurial frameworks. In addition, a strengthened commitment between Procurement Technical Assistance Centers (PTACs) and academia need to be considered in order to bridge the gap between minority business owners and various Federal and State government diversity programs.

# Limitations

The following are limitations recognized by the author. Data included an unequal number of African Americans than non-minorities. Data collected was from the mid-west and east coast only. No data was collected from other locations within the United States. No data was collected internationally. Data was collected only from successful African American firms.

# **Future Research**

As a result of this study, the following are areas that could be considered for future research with a continued focus on what explains high-performing African American entrepreneurs: collect data on high-performing African American firms from a broader geographic area of the United States that includes, the West, Southwest, Northwest, and the Northeast; research a broad set of industries and compare contrast what makes for success within a set of successful set of minority firms; and research and compare/contrast other minority groups such as Hispanic and Asian minorities.

# CHAPTER 4: SMALL BUSINESS GROWTH ATTITUDES AMONG MINORITY ENTREPRENEURS (STUDY 2)

#### Introduction

Approximately 7.1 million people are employed by minority firms in the United States (Minority Business Development Agency, n.d.). Due to the high rate of unemployment among minorities, it is important to our communities, labor force and the economy that minority-owned businesses continue to grow. Minority entrepreneurs are critically important for addressing this problem. Rueben and Queen suggest that without the jobs provided by African American-owned businesses, "African American unemployment may have registered almost two-thirds (62.8%) higher, to as many as 2.3 million in the survey year of 2007." In this regard, we can only imagine the unemployment rate among minorities without minority businesses. Based upon this finding, it is important to understand the factors that correlate with the attitudes of minority business owners regarding growth.

Much of the literature supports a variety of reasons why minority businesses, specifically African American owned firms, are unsuccessful in comparison to nonminority-owned firms. These studies suggest that minority entrepreneurs have less education, start-up capital, access to capital, lack of experience, and lack of human capital (Bates, 2011; Bradford, 2014; Robb & Fairlie, 2007). However, the literature is virtually silent in regard to the psychological factors that measure or assess leadership attributes and growth attitudes among minority entrepreneurs that have surpassed the "survival phase." Furthermore, the literature has also been silent in regard to the role of faith and prayer in business that are owned by minorities. I argue that faith and prayer have a correlation and potentially complements leadership attributes.

Max Weber's Protestant Work Ethic has been debated over the years among sociologists and historians over the religion's contribution to economic growth (Lynn et al., 2009; Rakodi, 2007). In fact, faith and prayer reliance emerged in over half of the interviews of minority entrepreneurs in the qualitative study entitled "Barriers to Business Growth: How High Performing African American Businesses Overcome Them" (Conley, 2015). To address this gap in the literature, I designed a quantitative study to extend the research from the results that emerged from the qualitative study in conducted in 2015. The results of this study indicate that strong leadership skills, faith, and prayer reliance are some of the attributes embedded in high-performing minority and nonminority women entrepreneurs.

It is proposed that the findings of this research will help reveal factors which encompass emotional and social competency inventory (ESCI) traits as well as integrate faith/prayer reliance as a means for understanding some aspects of small business growth attitudes among minority entrepreneurs. My goal is to explore ESCI leadership attributes and reliance on faith/prayer on small business growth attitudes plus, understand to what extent relational climate may further explain these relationships.

In this study, I hypothesize that entrepreneurs that possess strong leadership skills that encompass emotional and social intelligence competencies positively correlate with small firm growth attitudes. In addition, I also hypothesize that entrepreneurs who rely on faith and prayer have a positive correlation with small firm growth attitudes. In this regard, the specific research questions explored in this study are as follows:

1. To what extent do ESCI Leadership competencies correlate with small business growth attitudes? Does relational climate, i.e., perceived shared

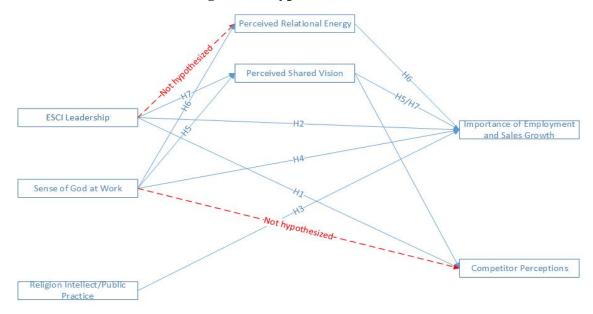
vision and/or perceived relational energy play a role in explaining the relationship?

2. To what extent does faith and prayer reliance correlate with small business growth attitudes? Does relational climate, i.e., perceived shared vision and/or perceived relational energy play a role in explaining the relationship?

Figure 12 displays the hypothesized model. It links "ESCI Leadership" to "Competitor Perceptions" and "Importance of Employment and Sales Growth." "Sense of God at Work" is a dimension of "Faith and Prayer Reliance" which is linked to "Importance of Employment and Sales Growth" and "Sense of God at Work" is linked to "Importance of Employment and Sales Growth" through Perceived Shared Vision and Perceived Relational Energy. "Religious Intellect & Public Practice" is a dimension of Faith and Prayer Reliance and is linked to "Importance of Employment" and "Sales Growth." ESCI Leadership is also linked to "Competitor Perceptions" and "Importance of Employment and Sales Growth" through Perceived Shared Vision and Perceived Relational Energy.

#### **Theory and Hypotheses**

#### **Figure 12. Hypothesized Model**



Small business growth has been measured from a number of different perspectives, but small business growth attitudes have been taken for granted in most literature. The majority of economic literature suggests that "people act in ways to maximize profits" (Wiklund et al., 2009). However, growth models have been criticized by Sexton and Bowman-Upton (1991) because they do not consider the role of small business manager's attitudes. They argue that small business managers set limits on the growth that a business will achieve. I found studies that link attitude and small firm growth. They indicate that attitude may provide an important explanation in regard to why some firms grow and others do not (Kolvereid & Bullvag, 1996; Miner, 1989; Wiklund & Shepherd, 2003).

# Direct Effects of Emotional and Social Intelligence Leadership on the Small Business Growth Attitudes

"An emotional intelligence competency is an ability to recognize, understand and use emotional information about oneself that leads to or causes effective or superior performance; a social intelligence competency is the ability to recognize, understand and use emotional information about others that leads to or causes effective or superior performance; and a cognitive intelligence competency is an ability to think and analyze information and situations that leads to or causes effective or superior performance" (Boyatzis, Rochford, & Taylor, 2015: 305). In this regard, these three clusters of competencies differentiate outstanding from average performers. I expect that minority entrepreneurs with leadership skills that include emotional and social intelligence competencies in my study will have positive small business growth attitudes because success is usually measured by a company's ability to grow. In fact, Edelman et al. (2010) suggest that firm growth is widely considered to be a measure of success for entrepreneurial businesses.

Hypothesis 1. A minority entrepreneur's emotional and social intelligence competencies have a positive direct effect on their perceptions of competitor's market share and sales development versus their own.

Hypothesis 2. A minority entrepreneur's emotional and social intelligence competencies have a positive direct effect on their attitudes regarding the importance of sales and employment growth.

# Direct Effects of Faith and Prayer Reliance on Small Business Growth Attitudes

Religion and spirituality have normally been considered taboo in corporate America but surfaced as employees search for meaning in their work, and business leaders seek for more socially responsible approaches to business and other ways to inspire workers (Garcia-Zamor, 2003). "Some businesses advocate religious practices, such as prayer in the conference room" and "many business owners and CEOs are bringing their Christian faith to work" (Garcia-Zamor, 2003). Religion's role in the workplace may create new organizational ideas or further confirm organizational processes like discernment and leadership (Delbecq et al., 2004; Lynn, Naughton, & VanderVeen, 2011). Park, Griebel Rogers, Neubert, and Dougherty (2014) identified that religious capital in the form of congregationally informed beliefs about the role of faith at work can promote work entrepreneurial behavior. I expect that minority entrepreneurs with religious intellect and a proclivity to practice religion openly as well as a sense of God and his awareness at work have positive attitudes toward employee and sales growth (Conley, 2015).

Hypothesis 3. A minority entrepreneur's religious intellect and proclivity to practice religion openly positively affects their attitudes regarding the importance of sales and employment growth.

Hypothesis 4. A minority entrepreneur's sense of God and his awareness at work positively affects their attitudes regarding the importance of sales and employment growth.

## **Mediating Roles of Relational Climate**

The climate or how employees feel about working at a company can account for a large part of the firm's business performance (Goleman, Boyatzis, & McKee, 2002: 1). In addition, the employee's perception of the organizational climate can be found within the actions of the leader of the organization (Goleman et al., 2002). Relational Climate is a latent construct that can be measured indirectly by a perceived degree of shared vision, compassion, positive mood and relational energy. Rochford (2015) defines shared vision as "the extent to which members of an organization (or team or dyad) share a common mental image of a desirable future that proves a basis for action. In addition, (Boyatzis et

al., 2015) suggests that shared vision appears to be a significant predictor of leadership effectiveness, engagement, and citizenship. Studies have proven that shared vision is consistently the indicator of a quality relationship (Boyatzis et al., 2015). Relational energy is a relatively new concept in organizational sciences and is defined as "the extent to which relationships in an organization are a source of energy in that they result in feelings of positive arousal, aliveness, and eagerness to act" (Rochford, 2015).

Several studies reveal that the "qualities of relationships mediate or moderate relationships between various independent variables in predicting the variety of dependent variables" (Boyatzis et al., 2015). In this regard, relationships are an important element that can be associated with a situation depending on their nature (Goleman, Boyatzis, & McKee, 2009). The importance of a variety of relationships including those that are present within a minority and non-minority entrepreneur's company emerged as being an important aspect to overcoming barriers to business growth. Conley (2015) revealed that a little over half of the African American businesses owners and all of the non-minority business owners interviewed spoke of the importance and value of employee relationships. In this regard, I hypothesize that perceived shared vision and/or perceived relational energy will partially mediate the relationship between a minority entrepreneur's sense of God and his awareness at work on sales and employment growth attitudes. In addition, shared vision will partially mediate the effect of minority entrepreneur's emotional and social intelligence competencies on the importance of sales and employment growth.

Hypothesis 5. A minority entrepreneur's sense of God and his awareness at work positively affects their attitudes regarding the importance of sales and employment growth which is partially mediated by perceived shared vision.

Hypothesis 6. A minority entrepreneur's sense of God and his awareness at work positively affects their attitudes regarding the importance of sales and employment growth which is partially mediated by perceived relational energy.

Hypothesis 7. The effect of a minority entrepreneur's emotional and social intelligence competencies on the importance of sales and employment growth is partially mediated by perceived shared vision.

#### **Research Design and Methods**

This quantitative study was designed to understand the correlation between leadership, faith/prayer reliance and relational climate on minority entrepreneur's perceptions of small business growth. My goal is to understand how these factors correlate with the importance of sales development compared to competitors, the value of growth compared to competitors and their overall attitudes toward sales and employment growth.

#### **Operationalization of Constructs**

This study incorporates a number of scales to measure independent, mediator and dependent variables. Many of the scales chosen are based upon validated measures from literature searches. A select few were adapted and created. All scales are 5-point Likert scales. Some were adapted from a 7-point Likert scale to 5 points for consistency in measurement. The 5-point Likert scales measure responses ranging from "1 = strongly disagree" to "5 = strongly agree." The Minority Business Growth Survey consists of 94 items. Please refer to the Constructs Table in Appendix H. For this particular study, 80 items were utilized of which 11 items are demographic in nature, three were adapted, and four were developed. Each reflective scale has a construct that measures the following: ESCI leadership attributes, faith and prayer reliance, relational climate awareness and small business growth attitudes.

#### ESCI Leadership Attributes

Emotional and Social Intelligence is the extent to which a leader exhibits selfawareness, social awareness, and relationship management skills. I used seven of the nine dimensions from the Emotional and Social Competency Inventory: University Edition (Boyatzis & Goleman, 1999) to measure emotional/social and leadership competencies among minority entrepreneurs. A total of 28 out of the 44 items were used in this study. Four dimensions measured emotional/social competencies and three dimensions measured leadership competencies. The emotional/social competencies include the following: Achievement Orientation (AO), which is designed to measure the extent to which a person is striving to improve or meet a standard of excellence. This measure includes four reflective items. The second competency is Adaptability (AD), which is designed to measure flexibility in handling change. This measure included three reflective items. The third competency is Emotional Self-Control (ESC) which is designed to measure the extent to which a person keeps disruptive emotions and impulses in check. This measure includes four reflective items. Influence (INF) is designed to measure the extent to which a person wields effective tactics of persuasion. This measure includes four reflective items. The leadership competencies include Inspiration Leadership (INS) which is defined as inspiring and guiding individuals and groups. This measure includes four reflective items. Teamwork (TEA) is defined as working with others toward shared goals and creating group synergy in pursuing collective goals. This measure includes four items, and Coach/Mentor (CM) is defined as sensing others' developmental needs and bolstering their abilities. This measure also includes four reflective items. The Cronbach's alpha = 0.87.

# Faith/Prayer Reliance

I identify the faith/prayer reliance construct as a combination of scales that measure the entrepreneur's religious intellect, ideology, public and private practices along with their experiences with God privately and at work. I used a total of 22 items for this construct. The Faith at Work Scale was used for the majority of items within the Faith/Prayer Reliance construct (Lynn et al., 2009) to get a better understanding of how faith at work, religious outlook, and experiences combined may better explain small business attitude and perceptions of small business growth. The constructs that measure intellect, ideology, public/private practice and experience are derived from "The Centrality of Religiosity Scales (CRS - 5)" (Huber & Huber, 2012). The Faith at Work Scales includes 15 items within four dimensions which are identified in the constructs table. Lynn et al. (2009) categorized the dimensions as Relationship, Meaning, Community, and Holiness Giving. The relationship dimension includes the following: Aware, Partnering, Meaningful, and Integrated. The second dimension is labeled the "Meaning," and the following items were grouped together: Called, Equipped, Diligent, Growing. The Community dimension includes items that measure Accepting, Witnessing, and Caring. The last dimension, "Holiness Giving" includes items that measure Moral, Just, and Stewarding. My study did not include the measure for Moral (Lynn et al., 2009). I also captured religious affiliation but not used in this study. In addition, I developed four additional scales to measure prayer at work, faith and perseverance in work-related situations. One item is reverse scored to be used as an attention trap. The Cronbach's alpha for CRS-5 is .85 and .77 for the Faith at Work Scales (Lynn et al., 2009). See Appendix H for Constructs Table.

# **Relational Climate**

Rochford (2015) defines *relational climate* as a moderately stable collective structure that represents the socio-emotional atmosphere that is created and maintained as people interact in dyads, teams or organizations. This scale is based on Intentional Change Theory (Boyatzis & Rochford, 2015; Boyatzis et al., 2015). Twelve items make up the Relational Climate construct, and they are categorized into three dimensions. They are designed to capture the climate within the organization by assessing the perception of compassion, relational energy, and shared vision. Perceived compassion is the extent to which member of an organization notice another person as being in need, empathize with him or her, and act to enhance his or her well-being in response to that need. Perceived Relational Energy is the extent to which relationships in the organization are a source of energy in that they result in feelings of positive arousal, aliveness and eagerness to act. Perceived Shared Vision is the extent to which a member of an organization shares a common mental image of a desirable future state that provides a basis for action (Boyatzis & Rochford, 2015; Boyatzis et al., 2015). The original three subscales were measured on a 7-point Likert scale; however, for this study, the scale was changed to a 5point Likert scale ranging from "strongly disagree = 1" to "strongly agree = 5."

## Small Business Growth

Measures of small business growth were selected as the dependent variable for this study. Wiklund et al. (2009) indicate that in order to gather richer information it is necessary to gather multiple growth indicators instead of single indicators (Birley & Westhead, 1990; Weinzimmer, Nystrom, & Freeman, 1998; Wiklund et al., 2009). Their "integrative model of small business growth" includes measuring growth in terms of sales and employment which was calculated as the relative change in size; performance which they captured by assessing comparisons with competing businesses in the market to reveal important additional information and rating sales and employment growth. In partially following this model, we chose to assess attitudes and perceptions by utilizing four items. I captured entrepreneurial attitudes and perceptions of small business growth by using a 5-point Likert scale to measure sales development compared to competitors, value of growth compared to competitors, importance of sales growth and importance of employment growth. The 5-point Likert scale measurements ranged from "strongly disagree = 1" to "strongly agree = 5." The Cronbach's alpha value of this scale is .91 (Wiklund et al., 2009).

#### **Data Collection and Sample**

The survey was conducted between October 2016 and December 2016. I obtained the empirical data to test the hypothesized relationships by using the Qualtrics online surveying tool. The survey was sent to 62,795 minority business owners throughout the United States. 2,620 started the survey while 1,490 people responded to the survey. I utilized response validation in Qualtrics and required respondents to complete all answers before moving forward in the survey to reduce missing data.

The survey was distributed to various minority business databases, SAM.Gov, social media groups, my personal business network and referrals from survey participants as the primary methods. For the referral method, an email trigger was developed in the Qualtrics surveying tool. In regard to social media, I posted the survey to various LinkedIn groups utilizing a Qualtrics URL link to the survey. I also utilized survey participants by requesting that respondents identify one other minority business owner

from their network to take the survey. A link was then automatically sent to the recommended business owners using an email trigger in the Qualtrics online surveying tool. I obtained responses from African Americans, American Indian & Alaskan Natives, Asian Americans, Caucasian (women), Hispanic Americans, Native Hawaiian & Pacific Islanders and South Asians (Indian Subcontinent). The sample includes men and women who are 18 years and older from across the United States. Their educational levels ranged from less than high school to doctoral level. The business owners had to have at least one employee other than themselves and currently in operation for at least four years. This sample represents the following business industries: retail, healthcare and social assistance, construction, transportation and warehousing, professional, scientific and technical, real estate administrative support, waste mediation and any other industries that were not listed. In addition, entrepreneurs that participated in this study owned businesses with various types of corporate structures which include the following: sole proprietorships, partnerships, corporations, limited liability companies and others. Table 6 is a summary of demographics.

	Number	Percent
Sample Size (n)	591	100%
Ethnicity		100/0
American Indian/Alaskan Native	20	3.4%
Asian	20	4.1%
Black or African American	252	42.6%
Caucasian	94	15.9%
Hispanic	95	16.1%
South Asian (Indian Subcontinent)	18	3.0%
Native Hawaiian or Pacific Islander	4	0.7%
Other	73	12.4%
Missing	11	1.9%
Education	Number	Percent
Less than high school	1	0.2%
High school graduate only	35	5.9%
Some college	90	15.2%
2-year degree	36	6.1%
4-year degree	180	30.5%
Professional degree	204	34.5%
Doctorate	34	5.8%
Missing	11	1.9%
Gender	Number	Percent
Male	262	44.3%
Female	318	53.8%
Unknown/Missing	11	1.9%
Ago	Number	Percent
Age 18-29	3	0.5%
30-39	42	7.1%
40-49	126	21.3%
50-59	247	41.8%
60-69	145	24.5%
70-79	22	3.7%
80+	6	1.0%
80+	0	1.0%
<b>Business Industry Type</b>	Number	Percent
Retail	33	5.6%
		3.7%
Healthcare and Social Assistance	22	5.7%
Healthcare and Social Assistance Construction		
Construction	22 160 33	27.1% 5.6%
Construction Transportation and Warehousing	160 33	27.1% 5.6%
Construction Transportation and Warehousing Professional, Scientific, Technical	160	27.1% 5.6% 29.6%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate	160 33 175	27.1% 5.6% 29.6% 1.4%
Construction Transportation and Warehousing Professional, Scientific, Technical	160 33 175 8	27.1% 5.6% 29.6%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate Administrative Support and Waste Mediation Other	160 33 175 8 8 8	27.1% 5.6% 29.6% 1.4% 1.4%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate Administrative Support and Waste Mediation	160 33 175 8 8 8 141	27.1% 5.6% 29.6% 1.4% 1.4% 23.9%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate Administrative Support and Waste Mediation Other Missing	160 33 175 8 8 8 141	27.1% 5.6% 29.6% 1.4% 23.9% 1.9%
Construction         Transportation and Warehousing         Professional, Scientific, Technical         Real Estate         Administrative Support and Waste Mediation         Other         Missing         Business Industry Type         Sole Proprietor	160           33           175           8           141           11	27.1% 5.6% 29.6% 1.4% 1.4% 23.9%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate Administrative Support and Waste Mediation Other Missing Business Industry Type Sole Proprietor Partnership	160           33           175           8           141           11           37	27.1% 5.6% 29.6% 1.4% 23.9% 1.9% 6.3% 1.5%
Construction         Transportation and Warehousing         Professional, Scientific, Technical         Real Estate         Administrative Support and Waste Mediation         Other         Missing         Business Industry Type         Sole Proprietor	160           33           175           8           141           11           37           9	27.1% 5.6% 29.6% 1.4% 23.9% 1.9% 6.3% 1.5% 55.2%
Construction Transportation and Warehousing Professional, Scientific, Technical Real Estate Administrative Support and Waste Mediation Other Missing Business Industry Type Sole Proprietor Partnership Corporation	160           33           175           8           141           11           37           9           326	27.1% 5.6% 29.6% 1.4% 23.9% 1.9% 6.3% 1.5%

# Table 6. Demographics

# **Data Analysis**

I began data screening by visually inspecting the dataset and noticing rows of missing data. We immediately deleted 727 rows of missing data, leaving 763 responses. I sorted our database and found 172 rows of data that were missing over 50% of their values. "Variables or cases with more than 50% or more of missing data should be deleted" (Hair, Jr., Black, Babin, & Anderson, 2010: 48). Therefore, based on this recommendation, we removed an additional 172 records leaving 591 responses. After noticing blanks in the Company\_Age column, I exported our dataset to Excel, sorted them and noticed that nine records had missing values. I imputed Company Age which is the date that the company was founded. I used the mean replacement technique in AMOS 24 and replaced the missing values with the average company founding year of 1998. I also imputed eleven records that had blanks in the CEO\_Age column. These values were replaced with the median age of 54.2 years. In summary, I had two variables with missing values all less than 5% which we replaced by using the mean replacement for continuous scales in SPSS version 24. I further confirmed that there were no more missing data in my dataset by running a frequencies table in SPSS to confirm that there were no blanks left in my dataset.

# **Outliers**

All variables but two (CEO\_Age and Company\_Age) were on ordinal scales. I examined both using a box plot for outliers and found nothing that would lead me to believe that there were points far outside the rest of the range of values. Most of my scales were Likert scales, so we are unconcerned about outliers because Likert scales help to control or minimize outliers (Blair, 2014).

# Normality

I checked for skewness and kurtosis in our data. I found that a number of variables exhibited skewness which means that there is a degree of departure from a distribution. A negatively skewed distribution has a "tail" that is pulled in the negative direction (Hair, Jr. et al., 2010) which is reflected in values that are less than -2.2 (Sposito, Hand, & Skarpness, 1983). Please see Table 7 for details. I then tested for kurtosis which is defined by Hair et al. (2010) as the measure of the peakedness or flatness of a distribution when compared with a normal distribution. A positive value indicates a relatively peaked (leptokurtic) distribution and a negative value indicates a relatively flat (platykurtic) distribution. Upon review, my data has a leptokurtic distribution.

		I initiate	I strive to improve my	I care about others and	
		actions to	own	their	
		improve.	performance.	development.	
Ν	Valid	591	591	591	
	Missing	0	0	0	
Skewne	ess	-3.188	-3.604	-3.481	
Std. Er	ror of Skewness	0.101	0.101	0.101	
Kurtosi	is	10.401	14.043	14.188	
Std. Er	ror of Kurtosis	0.201	0.201	0.201	

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### **Measurement Model Analysis**

My next step was to conduct an exploratory factor analysis (EFA) on our dataset using IBM SPSS and AMOS 24 software. I performed the EFA to see if the observed variables would load together as anticipated. I also wanted to confirm that they were adequately correlated and met the criteria for reliability and validity. I used Principal Component Analysis (PCA) for factor analysis. Reio and Shuck (2014) indicate that researchers use PCA as a preliminary extraction technique and it is useful for simple data reduction purposes. I chose Promax as the rotation method because it is an oblique rotation that considers correlated factors (Treiblmaier & Filzmoser, 2010).

I set my suppression in SPSS from the default 3.0 setting to 2.0 and ran the EFA to show any cross-loadings. This revealed discriminate validity issues with the Achievement Orientation dimension cross-loading with the Adaptability dimension. I removed several items and used this iterative process until the data fit the model reasonably well. My final pattern matrix revealed an 8-factor model. In this regard, there were 124 (8.0%) non-redundant residuals with absolute values greater than 0.05 (IBM SPSS, 2016). Please see the pattern matrix in Appendix C.

# Adequacy

The KMO predicts sampling adequacy and indicates the likelihood that the data will factor well based on correlation and partial correlation. My KMO and Bartlett's test of Sphericity were significant. In this regard, my KMO was .952 which Kaiser and Rice (1974) indicate is sufficient. Hair et al. (2010) state that a statistically significant Bartlett's Test of Sphericity (sig. <.05) indicates that sufficient correlations exist among the variables to proceed (p. 117). In addition, communalities for each variable were sufficient (all were above .30) which is acceptable for a large sample size of 350 (Hair et al., 2010: 117). Please refer to Appendix D for Communalities. Following Hair et al.'s (2010) recommendation that only the factors having latent roots or eigenvalues greater than 1 (p. 109) are considered significant, I identified eight factors which explained 71%

of the variance in the model which further confirms the adequacy of the variables in the 8-factor model (see Appendix E).

## Validity

Convergent validity refers to evidence that the items that should be related are indeed related. Evidence is shown when items 'converge' on the same construct. Any variables that demonstrated cross-loadings with a delta smaller than .02 were deleted (Hair et al., 2010). The following items were removed: Lead\_AO1, Lead\_AO2, Lead\_AD2, Lead\_AD3, Lead\_AD4, Lead\_INF1, Lead\_INF3, Lead\_INF4, Lead\_INS4, Faith\_1, Relation\_PE2 and Relation\_PE3. After removal, the pattern matrix showed satisfactory convergent validity because the remaining factor loadings were all above the recommended threshold of .30 for sample sizes of 350 (Hair et al., 2010) and demonstrated sufficient discriminant validity with loadings above .540. There were eleven cross-loadings, but they all differed from the value of the loading on the primary factor by more than .20, indicating sufficient discriminate validity. Please refer to Appendix C for details.

### Reliability

The Cronbach's alpha test is used to evaluate the uni-dimensionality of a set of scale items. It measures the positive relationship between the variables in a scale. In our study, the Cronbach's alphas are all above .70 except factor 8 which is .667. They are as follows: .954, .909, .966, .925, .888, .860, .715 and .667; thereby exceeding the recommended level of .70 (Nunnally, 1978). We will move forward with the .667 because there are only 2 items on this factor. Loewenthal (2004) indicates that Cronbach's alphas can be acceptable at .60 thereby meeting the threshold. In addition, the

factors are considered to be reflective because their indicators are highly correlated and interchangeable (Jarvis, MacKenzie, & Podsakoff, 2003). Table 8 lists the descriptive statistics including the mean, standard deviation, number of variables, correlations and Cronbach's alphas for the final constructs on the diagonal.

Table 8. Mean, Standard Deviations, Number of Variables, Cronbach's Alphas
and Factor Correlations

Variable	М	SD	# of items	ESCI Leadership	Emotional Self Control	Sense of God at Work	Religious Intellect & Public Practice	Perceived Shared Vision	Perceived Relational Energy	Competitor Perceptions	Importance of Employment and Sales Growth
ESCI Leadership	3.7250	0.53623	14	0.954							
Emotional Self Control	3.0497	0.56684	4	0.777	0.909						
Sense of God at Work	0.9147	0.33142	20	-0.024	-0.021	0.966					
Religious Intellect & Public Practice	0.7215	0.49350	4	-0.070	-0.071	.446**	0.925				
Perceived Shared Vision	2.8099	0.46021	5	.254**	.185**	-0.078	083*	0.888			
Perceived Relational Energy	3.4430	0.53739	5	.194**	.114**	119**	-0.071	.732**	0.860		
Competitor Perceptions	1.9061	0.57879	2	-0.037	111**	094*	-0.073	.178**	.094*	0.715	
Importance of Employment and Sales Growth	2.7148	0.62431	2	0.079	0.075	.115**	124**	.178**	0.043	107**	0.667

# **Confirmatory Factor Analysis (CFA)**

I conducted our CFA using the EFA information and Amos version 24 which is a graphical interface tool for statistical modeling. Please see CFA model in Appendix F. I reviewed modification indices and co-varied error terms for items that loaded on the same factor and were theoretically related to improve model fit (Byrne, 2010). My final fit statistics are as follows: CMIN/df = 2.349, CFI = .936, RMSEA = .048, PCLOSE =

.957 and SRMR = .0449 which meet the recommended thresholds per Hair et al. (2010: 672).

#### Validity and Reliability

To test for discriminant validity, I compared the square root of the AVE (on the diagonal in the matrix below) to all inter-factor correlations. "AVE greater than .5 is desirable because it suggests that the latent construct accounts for the majority of the variance in its indicators on average" (MacKenzie, Podsakoff, & Podsakoff, 2011: 313). In this regard, I have convergent validity as evidenced by the average variance explained (AVE) amounts which are all above .5 and I have reliability as evidenced by the composite reliability (CR) values which are between .6 and .7. Hair et al. (2010) indicate that this range may be acceptable provided that other indicators of a model's construct validity are good. In addition, I have discriminate validity based on the square root of the AVE being greater than any inter-factor correlations. See Table 9.

## Common Method Bias

I conducted a common method bias test where we compared the unconstrained common method factor model to the fully constrained zero-constrained common method factor model, and the results of the chi-square test yielded a p-value that was significant (p = .000). The differences in the chi-square test indicated that the model was not invariant indicating that groups are different at the model level (Table 10). This indicates that there is a bias; therefore, we will retain the clf in the model. I tested for model fit before imputing our data, and the recommended thresholds were met per Hair et al. (2010: 672). They are as follows: CMIN = 2,569.379, df = 1284, cmin/df = 2.001, CFI = .955, RMSEA = .041, PCLOSE = 1.000, and SRMR = .0430.

	CR	AVE	MSV	MaxR(H)
Competitor Perceptions	0.764	0.633	0.025	0.934
Sense of God at Work	0.974	0.683	0.504	0.985
ESCI Leadership	0.953	0.594	0.551	0.989
Perceived Shared Vision	0.889	0.618	0.472	0.990
Perceived Relational Energy	0.869	0.573	0.472	0.991
<b>Religious Intellect &amp; Public Practice</b>	0.930	0.772	0.504	0.992
Emotional Self Control	0.902	0.700	0.551	0.993
Importance of Employment and Sales Growth	0.693	0.531	0.138	0.993

Table 9. Validity and Reliability Chart

Based on good model fit I imputed the data and moved forward with method bias adjusted factors. Composite variables were created using factor scores in AMOS while keeping the CLF. In order to create the structural model for the hypotheses, I used SPSS AMOS v24. Once the model was created, I ran the statistical package to analyze the data gathered to empirically test theory as depicted by a series of hypotheses (IBM SPSS Amos, 2015).

#### **Structural Model Analysis**

Structural equation modeling (SEM) includes a number of statistical models that are used to explain the relationships among multiple variables (Hair et al., 2010).

#### Multivariate Assumptions

My goal is to find out if I have influential records or respondents in the dataset. I performed a Cook's D analysis and found no records that exhibited abnormal Cook's distances (above .10) (Cook, 1986). The rule of thumb is that an observation above 1.0 has too much influence. Based on these findings, I moved forward to test multi-collinearity.

# Multi-Collinearity

Multi-collinearity is the extent to which a variable can be explained by another variable in the analysis. As multi-collinearity increases, it complicates the interpretation of the variate because of the difficulty in explaining or distinguishing between the effects of any single variable (Hair et al., 2010). Hair et al. (2010) also indicate that a common cut-off threshold for tolerance is .1 which corresponds to a VIF value of 10. When reviewing the Collinearity Statistics, we confirm that the variable inflation factors (VIFs) are below 3 and the tolerance levels are greater than .1. In this regard, my model indicates no issues with multi-collinearity. Based on my findings, I moved forward to check model fit.

# Results

The hypothesized model focuses on the direct and indirect relationships of ESCI Leadership qualities on the importance of growth from a sales and employment perspective as well as the perceptions of competitor's market value and sales development. The hypothesized model also measures the direct and indirect effect of faith/prayer reliance (Sense of God at work, Religious intellect, and public practice) on small business growth attitudes (the importance of growth from a sales and employment growth perspective as well as the perceptions of competitor's market value and sales development). My structural model has good fit which meet the recommended thresholds of Hair et al. (2010) (cmin/df = 1.050, CFI = 1.0, RMSEA = .009, PCLOSE = .859, SRMR = .0124).

# **Covariance Structure Analysis**

Covariance measures the extent to which the values of two factors vary together. I use correlations to describe the strength and direction of the linear relationship between two factors (Hair et al., 2010). Table 8 contains my descriptive statistics and correlations among variables.

# **Direct Effects**

Table 10 outlines the direct effects for this study. One out of the four direct effect hypotheses were supported. Hypothesis 4: Sense of God at Work  $\rightarrow$  Importance of Sales and Employment Growth ( $\beta = .211^{***}$ ) indicates that a minority entrepreneur's sense of God and his awareness at work has a positive effect on small business growth attitudes (importance of employment and sales growth).

	Hunsthesized Dath	Standardized	Develope	Course and a 19
	Hypothesized Path	<b>e</b> 17	P-value *	Supported?
HI(+)	ESCI Leadership>Competitor Perceptions	-0.088	*	no
H2(+)	ESCI Leadership>Importance of Employment and Sales Growth	0.021	0.61	no
H3(+)	Religious Intellect & Public Practice>Importance of Employment and Sales Growth	-0.208	***	no
H4(+)	Sense of God at Work>Importance of Employment and Sales Growth	0.211	***	yes
	Sense of God at Work>Competitor Perceptions	-0.081	*	

**Table 10. Hypothesized Direct Effects** 

p<.0001 = \*\*\*, p<.01=\*\*, p<.05=\*

Hypothesis 1. We hypothesized that ESCI Leadership has a positive direct effect on the perceptions of their competitor's market share and sales ( $\beta$ =-.088,\*). This was a counter-intuitive finding.

Hypothesis 2. We hypothesized that ESCI leadership has a positive effect on Importance of Employment and Sales growth. This hypothesis was insignificant  $(\beta=.021, ns)$ .

Hypothesis 3. We hypothesized that entrepreneur's that had religious intellect and publicly practiced their faith would have a positive effect on the Importance of employment and sales growth. This was not supported and was significantly counter-intuitive (-0.208\*\*\*).

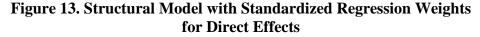
Hypothesis 4. We hypothesized that the Sense of God at work positively correlates with the Importance of Employment and Sales Growth. This hypothesis was supported with strong significance ( $\beta$ =0.211\*\*\*) indicating that a minority entrepreneur's sense of God at work has a positive effect on small business growth attitudes (Importance of Employment and Sales Growth).

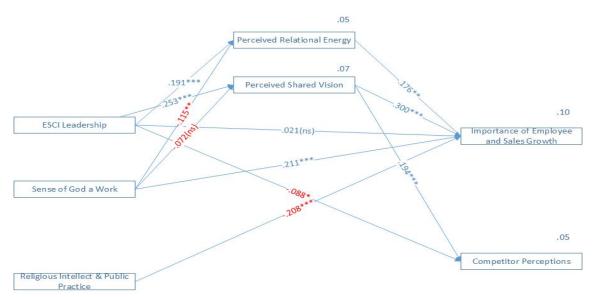
I did not hypothesize the path from Sense of God at Work  $\rightarrow$  Competitor

Perceptions. This was a significant finding ( $\beta = -0.081$ , \*). It suggests that entrepreneurs

that have a positive Sense of God at Work have a negative perception of sales

development and market growth compared to others.





In addition, ESCI Leadership, Sense of God at Work, Religious Intellect & Public Practice, Perceived Shared Vision, and Perceived Relational Energy explain 10% of the variance found in Importance of Employee and Sales Growth. ESCI Leadership, Sense of God at Work and Perceived Shared Vision explain 5% of the variance found in Importance of Employee and Sales Growth. ESCI Leadership and Sense of God at Work explain 5% of the variance found in Perceived Relational Energy. ESCI Leadership and Sense of God at Work explain 7% of the variance found in Perceived Shared Vision.

# Mediating Effects

Hypotheses 5–7 have mediating relationships utilizing the relational climate constructs which include perceived shared vision and perceived relational energy. The perception of a positive relational climate is intended to demonstrate mediating relationships which are believed to enhance the positive effect of ESCI Leadership and the Sense of God at Work constructs on Importance of Employee and Sales Growth. To test our mediation hypotheses (H5–H7), we estimated the direct, indirect and total effects of Sense of God at Work and ESCI Leadership on Importance of Employee and Sales Growth. The results of our analysis are shown in Table 11. In this regard, Perceived Shared Vision fully mediates the relationship between ESCI Leadership and Importance of Employee and Sales Growth.

	Hypothesized Path	direct effect	indirect effect	total effect	mediation type
H5(+)	Sense of God at Work ->Perceived Shared Vision->Importance of Employee and Sales Growth	.397**	003 (ns)	.394**	no mediation
H6(+)	Sense of God at Work ->Perceived Relational Energy->Importance of Employee and Sales Growth	.397**	003 (ns)	.394**	no mediation
H7(+)	ESCI Leadership ->Perceived Shared Vision->Importance of Employee and Sales Growth	.024 (ns)	.049**	.073 (ns)	full mediation
p<.0001	= ***, p<.01=**, p<.05=*				

**Table 11. Mediating Effects** 

# Hypotheses 5 and 6

I hypothesized that a minority entrepreneur's sense of God and his awareness at work positively affects their attitude regarding the importance of sales and employment growth which is partially mediated by perceived shared vision and/or perceived relational energy. These hypotheses were not supported, and we found no mediation ( $\beta$ =-.003, ns). While, Hypothesis 4 shows a strong direct effect, mediation via shared vision or perceived relational energy does not help to explain this causal relationship.

#### Hypothesis 7

My final hypothesis suggests that the effect of a minority entrepreneur's emotional and social intelligence competencies on the importance of sales and employment growth is partially mediated by perceived shared vision. My data indicates full mediation ( $\beta$ =.049\*\*). In this regard, a minority entrepreneurs' emotional and social intelligence competencies and perceived shared vision positively correlates with sales and employment growth attitudes.

#### Discussion

The goal of this study was to expand upon our qualitative research by exploring the relationships between faith/prayer reliance, ESCI leadership attributes, and small business growth attitudes. My data revealed the importance of looking at Sense of God at Work and Religious Intellect/Public Practice separately. In doing so, this study empirically supports that entrepreneur's that have a Sense of God at Work positively affects their attitude about growing their business. In this regard, the stronger their awareness of God's presence at work the stronger the importance of growing their business by generating sales growth within the company and hiring more employees. This may imply that there is an inner confidence from their relationship with God which gives the entrepreneur that positive attitude to move forward. In the qualitative study entitled, Barriers to Business Growth: How High Performing African American's Overcome Them, it is noted that "over half of the respondents leveraged faith and prayer in their work life" and "Many spoke of faith as sustainment and spoke of God as leading them in their business lives" (Conley, 2015). This finding supports much of the literature related to faith and prayer at work and reveals the importance and potential relationship that this may have on small business growth attitudes.

This study also finds that ESCI leadership attributes alone do not positively correlate with the importance of sales and employment growth attitudes. However, I do find a significant relationship when mediated by "shared vision." So, when an entrepreneur feels that members of his/her organization are in alignment, we find a positive relationship towards the importance of small business growth. In other words, there is confidence level that is present which increases the positive attitudes towards small business growth. On the contrary, without that additional support or the perception of shared vision, the attitude towards growth is not important.

Both hypotheses have one thing in common. The psychological need for support, either from members within the organization or support from God within the organization. When minority entrepreneurs have these relationships fulfilled, my data suggests that minority entrepreneurs will have a positive attitude towards growing their businesses.

#### **Practical Implications**

Many entrepreneurs do not have those resources and are tasked with the sole responsibility of company growth. In this regard, they function in a number of different roles, hence the title, "Jack of All Trades and Master of None." When functioning in this capacity, it can become a very daunting task, leaving the business owner feeling lonely, exhausted and with mixed attitudes about growing their business. In addition, there are many circumstances that do not allow open communication with employees. My research suggests that a good relationship with God and his awareness at work can provide comfort and confidence in moving forward with growing the business. Below is a quote from an African American Male Business Owner:

"I made a prayer to God; I said "God, I've done everything that I've been taught to do, trained to do, grew up to do, I'm exhausted. I don't have any more answers. I need your leadership." In 30 seconds the phone rang, it was (company X). 30 seconds." (Conley, 2015)

With regard to "shared vision," it is important that minority entrepreneurs hire employees that have the same shared vision or have an open mind so that they can begin to understand the vision of their leader. My study suggests that entrepreneurs that exhibit the ESCI traits and have shared vision within the company also have a positive view of the importance of employment and sales growth. This leads us to believe that with good company support entrepreneurs will have the confidence needed to see the importance of small business growth.

# Limitations

A limitation to my study is that the R-squares in our model are low due to the exploratory nature of this research. I experimented with adding another dimension by including the sales revenue data but very little was accounted for in the model. I realize that I am only explaining a small portion of small business growth and there are many other factors such as financing, industry type, experience, and education that would help to improve R-squares.

Another limitation is that my data was derived from a single source. In this regard, the entrepreneurs reported their own behaviors. For future research I may use a 360 or multisource assessment to measure emotional intelligence and social intelligence competencies, relational climate and faith/reliance among employees.

# CHAPTER 5: DISCRIMINATORY BUSINESS PRACTICES AND BUSINESS GROWTH: AN EXPLORATORY STUDY (STUDY 3)

#### Introduction

While much progress has been made in Black entrepreneurship, we still have more to be achieved. As Shelton (2010) suggests, we are continuing an uphill battle. Researchers tend to compare Black firms against White firms or other minority groups like Asians and Hispanics in order to compare and contrast our differences. In doing so much of the statistics inform us that Black businesses are still among the smallest in terms of revenue (\$103.5 billion) in comparison to Asians (627.5 billion) and employees (975,052) compared to other minority group members (Asians – 3,572,577) (Minority Business Development Agency, n.d.).

Over a century ago Black activists and scholars like W.E.B Du Bois were writing essays and books like the *The Souls of Black Folk* (1903) and *Black Reconstruction* (1935). In an effort to ensure racial equality in education, the political system, socially and economically, W. E. B. Du Bois co-founded the National Association for the Advancement of Colored People (NAACP) in 1909. This organization's mission is still "to ensure a society in which all individuals have equal rights without discrimination based on race" (www.naacp.org). In addition, Black churches have also historically played a major role in the advancement of Blacks and Black entrepreneurship. Churches like the African Methodist Episcopal (A.M.E.) were instrumental in the education, health, welfare and community development for Blacks (Butler, 2005).

Current day scholars like Timothy Bates have spent over 38 years studying minority entrepreneurship as noted by some of his manuscripts such as Bates (2015), Bates and Robb (2013), Bates (2011), Bates et al. (2007), Bates and Bradford (2007), and

Bates (2001)—to name a few. Other noted scholars in the minority entrepreneurship discipline include Robb and Fairlie (2007), Fairlie et al. (2013), and Bradford (2014). Many of these scholars have come to the same conclusions regarding the need for Black businesses to succeed. (Butler, 2005) and Gold (2016) provide theoretical and historical perspectives regarding Black entrepreneurship. Butler provides a historical point of view to explain the advances in Black entrepreneurship and self-help while Gold explores the critical race theory approach to Black American entrepreneurship. Sol Ahiarah (1993) provides a thorough and comprehensive review of Black business ownership from multiple theoretical perspectives as well as providing the "Black Business Ownership Factors and Success Indices" model. He indicates that a more realistic explanation of business creation and success revolve around four broad classes: psychological factors, the situation (environmental) factors, the productive/service factors and the process or decisional factors.

Despite the plethora of studies that have been written on Black entrepreneurship, no previous empirical study has directly analyzed the relationship between discriminatory business practices and business growth. In addition, there are no empirical Black entrepreneurship studies that includes faith as a construct. This is a gap in the literature. Discriminatory business practices may play a significant role in understanding Black business growth or the lack there of. In addition, faith may have some correlation with Black businesses that are successful and continue to grow. Conley (2015) found that in high performing Black businesses, faith was a common theme that was identified as helping Black businesses overcome obstacles to business growth.

Due to the high rate of unemployment among Blacks, it is important to our communities, labor force and the economy that Black-owned businesses succeed in closing the employment and wealth gap by generating more revenue. In order to support Black businesses, we need to further understand the factors that correlate with the growth of Black firms. In this regard, the goal of this study is to determine the role and influence that individual, group, organizational and systemic factors have on black business growth.

#### **Literature Review and Theoretical Framework**

### **Business Growth**

Much of the literature indicates that future entrepreneurs start businesses with the intent to grow in order to achieve wealth and status (Delmar & Wiklund, 2008) which is viewed as a form of success. However, many attempt to grow their businesses for a variety of reasons other than just maximizing returns (Wiklund & Shepherd, 2005). Some are motivated to gain independence or develop their own ideas (Douglas & Shepherd, 2000) while others are motivated to grow in order to achieve social and economic goals (Edelman et al., 2010). In addition, many Black entrepreneurs are motivated to grow their businesses to employ families, friends and members of their community (Conley, 2015).

Surprisingly, not all firms want to grow (Edelman et al., 2010). Some studies suggest that small business managers set limits to the growth that businesses will achieve (Penrose, 1959). A prime example of this view point comes from within my own family business.

My father's motto is "controlled growth." "We don't want others in our business and telling us what to do. We control our own destiny." Lloyd Conley is the President and founder of Professional Services & Resources, Inc.'s (PSRI) which is a Black owned multi-million-dollar firm that has been in business for 31 years.

Much of the literature refers to small business growth as a change in amount. This stream of literature typically discusses change in revenue, employees or growth as an outcome or output (McKelvie & Wiklund, 2010; Wiklund et al., 2009). In these types of studies, growth is the dependent variable where the goal is to explain varying rates of growth. Leitch et al. (2010) indicates that these growth studies use a wide range of predictor variables therefore it has not been possible to isolate them to find out what has a consistent effect on growth.

The second form of growth in the literature refers to the outcomes of growth, so growth is in effect, an input. When using growth as an independent variable the significances of growth are studied. These studies use developmental stages, life cycles and speak in terms of biology to describe the firms' growth patterns or life span (Leitch et al., 2010).

The third form of growth refers to the growth process itself and is grounded in Penrose's (1959) theory of firm growth which distinguishes between organic growth and growth by acquisition. One very important aspect of Penrose's theory is the "enterprising manager" or the stakeholders within the organization. These stakeholders have the power to expand or limit the rate of growth. Penrose's theory of the growth of the firm suggests that the productive activities of the firm are governed by what is seen by the entrepreneur. In this regard, if the entrepreneur does not see the opportunities for expanding the business, he or she can't act upon them and loses the ability to respond.

#### Individual factors

Penrose (1959) calls the entrepreneur the "enterprising manager" or "stakeholder" and suggests that they have the power to expand or limit growth. Psychological factor theorists indicate that businesses revolves around the owner or entrepreneur, so much so that his/her strengths and weaknesses, successes and failures become part of the business (Ahiarah, 1993). For this research project the individual or psychological factors included in our theoretical model are Entrepreneurial Perseverance and Faith.

#### Entrepreneurial Perseverance

Eisenberger (1992) defines perseverance as one's tendency to persist and endure in the face of adversity. Markman, Baron, and Balkin (2005) propose that because individuals act differently under similar adversities, success in the context of entrepreneurship is determined by the extent to which individuals persevere despite what appear to be insurmountable obstacles or adversities (Stoltz, 1997). Perseverance influences the level of stress that individuals can cope with as well as their course of action and level of effort they contribute to their endeavors, length of endurance and their resilience in the face of setbacks and repeated failures (Eisenberger & Leonard, 1980). Bandura (1997) and Eisenberger (1992) suggest that perseverant people discover ways to control constraints or change them by their actions while others are easily discouraged by barriers or unexpected challenges. Much of the literature in theory and practice suggests that when confronting setbacks, perseverant people intensify their efforts, test new avenues or actions while those that are less perseverant give up (Bandura, 1997).

Duckworth et al. (2007) define perseverance as grit. The authors further suggest that a personal quality that is shared by prominent leaders in every field is grit. Grit is

perseverance and passion for long-term goals. Grit necessitates working persistently or tirelessly toward challenges, maintaining effort and attention despite failure, adversity and plateaus in progress. People who have grit or perseverance approach achievement as a marathon and not a sprint and their advantage is stamina (Duckworth et al., 2007). While disappointment or boredom pushes others to retreat or do something different, people that exhibit grit stay the course. Grit has been found to predict success across a variety of different academic, vocational and extracurricular domains (Duckworth et al., 2007; Duckworth & Quinn, 2009; Raut, 2014). It is believed that there is a link between high levels of adversity such as the environment that most entrepreneurs are faced with and in this regard, an entrepreneur's level of perseverance or grit may have a strong influence and impact on the success of the firm (Raut, 2014).

### Faith

There is long history of faith and business. Between the late eighteenth and early twentieth century Alex Tocqueveille and Max Weber recognized the importance of Christian faith to motivating work and entrepreneurship. Max Weber's Protestant Work Ethic has been debated for many years among sociologists and historians over the religion's contribution to economic growth (Lynn et al., 2009). Ewest (2015) notes that very similar to Weber's observations, scholarship has demonstrated that religious values are still a significant motivator in new business ventures. Few studies have resulted in mixed findings regarding the relationship of faith to work and entrepreneurial activity (Dodd & Gotsis, 2007; Neubert & Dougherty, 2013). Typically, management scholars dismissed or refused to address the importance of faith to work and entrepreneurial behavior (Bellu & Fiume, 2004; Neubert & Dougherty, 2013). However, recent studies

also reflect that places of worship promote business activities. In this regard, 40% of Black Protestants report that their churches encourage their members to start businesses (Ewest, 2015). This is not surprising, considering that the Black church has been the cornerstone of black entrepreneurship since the end of slavery and has also been instrumental in the education, health, welfare and community development for Blacks (Butler, 2005). Waddock and Steckler suggest that the distinct sense of hope and purpose some entrepreneurs have to implement and make changes is a spiritual trait drawing from traditional aspects of spirituality such as moral imagination, systems, understanding and aesthetic sensibility (Ewest, 2015). In this study, we refer to faith as the ability to draw from a personal connection to God to enhance functioning and provide a strategy for coping with adversities. Conley (2015) notes that high performing Black entrepreneurs and non-minority females rely on faith to overcome obstacles to growing their businesses. Butler (2005) notes that religious faith and the church have historically been the pillar to Black entrepreneurship.

Hebrews 11:1 – "Now faith is the confidence in what we hope for and assurance about what we do not see" (Bible - King James Version).

## Group factors

Group factors play a strong role in the growth of small businesses. Groups can be used as a divisive mechanism to enhance one group's power while diminishing the other group's power or they can be used as a cohesive mechanism to strengthen a group from within, in order to achieve a common goal. In this regard, social identity theory explains one group's rationale for dominating another group. In contrast, shared vision explores the strength within a cohesive group. The following section will explore social identity theory and shared vision within an organization.

## Social Identity Theory

The literature on in-group preferences suggests that people within a certain group distinguish themselves apart from the other or "out" group and prefer their own group. This is defined by social identity theory (Taifel & Turner, 1986). Social Identity Theory also suggest that group members want to see their group differentiated from other groups and are motivated to achieve and preserve the distinctions. This in turn serves to protect and/or enhance positive identity for group members. Social identity theory suggests that the stronger members of a group identify with their group the more bias they identify in favor of their group at the expense of the "out" group (Negy et al., 2003). In this regard, no other minority group has experienced effects of social identity theory like Blacks. In additions these effects show up in the form of institutional and systematic racism in the United States. Some examples include Jim Crow laws which were designed to specifically segregate Black Americans from others. The Historical Plessy v. Ferguson (1899) law, legalized "separate but equal." This law required all Blacks to operate in their own community, while immigrants and Whites were free to conduct business freely in all communities (Butler, 2012). The legacy of these types laws are ingrained in our society and still have a current or systemic impact on our society. Shelton (2010) suggests that the social and institutional forces exist and affect minority firm growth. Her model further suggests that minority owned firms are confronted with the same economic conditions as other firms, but their growth is constrained by industry social structures which limits their opportunities. The components of industry structure include gatekeepers, resource providers, government bodies which establish the industry practices and government policies. Shelton further suggests that if socially motivated

industry policies and practices are institutionalized they then serve as a form of "intraindustry" social stratification by separating firms into advantaged and disadvantaged groups.

## Shared Vision

There is a growing body of knowledge that indicates that leadership style (Jung, Chow, & Wu, 2003; Somech, 2006) as well as organizational and team climate (Bain, Mann, & Pirola-Merlo, 2001) effect an organizations innovative success (Boyatzis & Rochford, 2015). The work climate or how employees feel about working at a company can account for a large part of the firm's business performance (Goleman et al., 2002: 1). The employee's perception of the organizational climate can be found within the actions of the leader of the organization (Goleman et al., 2002). Relational Climate is a latent construct that can be measured indirectly by a perceived degree of shared vision, compassion, positive mood and relational energy. For this study we will focus on perceived shared vision. Rochford (2015) defines shared vision as "the extent to which members of an organization (or team or dyad) share a common mental image of a desirable future that proves a basis for action." Boyatzis (2016) suggests that shared vision appears to be a significant predictor of leadership effectiveness, engagement, and citizenship. Studies have proven that shared vision is consistently the indicator of a quality relationships (Boyatzis et al., 2015). Tsai and Ghoshal (1998) describe shared vision as the embodiment of a group's collective goals and aspirations as well its shared sense of purpose and operating values (Lord, 2015; Senge, 1990). Shared vision helps to promote positive feelings and commitment among members (Boyatzis, 2008; Lord, 2015).

## **Organizational Factors**

## Intergroup Contact Theory

Social scientists developed the theory of intergroup contact after World War II, however, G.W. Allport's (1954) hypothesis has been the most influential by identifying situation conditions for intergroup contact to reduce prejudice (Pettigrew, 1998). Allport's hypothesis has received much attention from a theoretical perspective as well as its influence on policy (Pettigrew, 1971). It has demonstrated its usefulness in applied settings like the distinction between racial desegregation and the integration in schools (Pettigrew, 1975, 1998).

Allport (1954) suggests that the positive effects of intergroup contact occur in the following four situations: equal group status within the situation; common goals; intergroup cooperation and the support of authorities, law and custom (Pettigrew, 1989). In regard to "equal group status within the situation," much of the research supports this claim, however equal status is hard to define and has been used differently (Cagle, 1973; Riordan, 1978). Allport suggests that it is important for both groups to expect and perceive equal status in the situation (Cohen & Lotan, 1995; Pettigrew, 1998; Riordan & Ruggiero, 1980) while other writers emphasize equal group status coming into the situation (Brewer & Kramer, 1985; Pettigrew, 1998).

The author suggests that common goals positively effect intergroup contact and that prejudice reduction requires an active goal-oriented effort. The example used are athletic teams (Pettigrew, 1989) The authors suggest that when striving to win, interracial athletic teams need each other to achieve the goal. The act of trying to have a winning season is a part of the goal attainment.

Intergroup cooperation also has a positive effect on intergroup contact. The author posits that attainment of common goals must be an interdependent effort without group cooperation (Bettencourt et al., 1992; Pettigrew, 1998). Intergroup cooperation in schools provides the strongest evidence (Desforges et al., 1991; Miller & Brewer, 1984; Pettigrew, 1998). In this regard, jigsaw classroom technique structures classrooms so that students strive cooperatively for common goals and has led to positive results in a variety of children (Aronson, 1997).

The final condition is the support of authorities, law and custom. The author indicates that with clear social sanction, intergroup contact is more accepted and as positive effects. In this regard, "authority support establishes norms of acceptance" (Pettigrew, 1998). It is suggested that field research further confirms this claim in military, business, and religious institutions (Pettigrew 1998).

## System factors

#### Social Stratification

Shelton (2010) posits that social stratification influences the exercise of entrepreneurship for members of disadvantaged groups. While minority firms face the same economic environment in various industries, their growth is constrained by industry social structure which includes resource providers, gatekeepers and government entities as well as industry practices and policies (Shelton, 2010). To extend the lens of stratification, we must also look at the literature on in-group preferences which suggests that people within a certain group distinguish themselves apart from the other or "out" group and prefer their own group. This is defined by social identity theory (Tajfel & Turner, 1986). In the qualitative study by Conley (2015), Black entrepreneurs and White

women entrepreneurs suggest that the "good old boy network" or the effects of social identity theory exclude them from opportunities. Black business owners shared experiences of teaming with non-minority firms and upon award, they were excluded. Other Black and non-minority women business owners simply share that they are excluded from knowing about the business opportunities. To further extend the lens of social stratification, the disadvantage theory suggests that because of the exclusion, separation or "in-group/out-group" mentality, minority businesses choose entrepreneurship.

The disadvantage theory originated from the work of Weber (1930) which suggests that people that are excluded from the mainstream economy because of discrimination will turn to entrepreneurship or business ownership. In this regard, they choose self-employment instead of unemployment (Light & Rosenstein, 1995). This theory has been used to explain why groups such as minorities and immigrants embrace entrepreneurship and have high levels of small business ownership (Cooper & Dunkelberg, 1987; Hayward & De Jong, 1991; Light, 1979; Light & Rosenstein, 1995; Smith-Hunter & Boyd, 2004). In this regard, Blacks continue to open up businesses at three times the rate of Whites (Crump et al., 2015: 2) and at a rate higher than any other minority group with little success. Since 2007, there has been a 34% increase in the number of businesses openings from African Americans (SBA, n.d.).

**Overall Research Question:** What factors influence business growth in Black firms? To what extent does discriminatory business practices correlate business growth? Do other factors like faith and external networking play a role?

Additional Research Questions: Do PPPs have an effect on discriminatory business practices and business growth? Does PPP participation correlate with external networking?

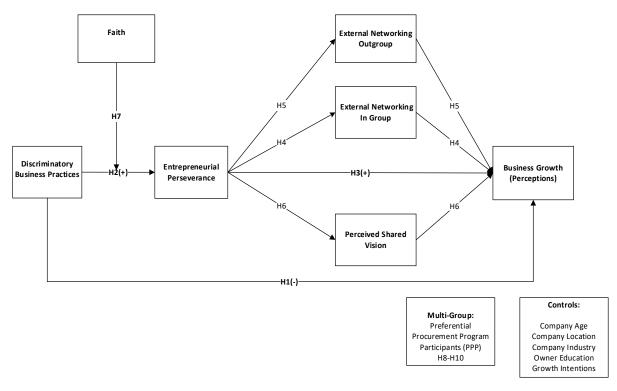


Figure 14. Conceptual Model

## **HYPOTHESES**

## **Direct Effects**

#### **Discriminatory Business Practices**

Shelton (2010) posits that social stratification influences the exercise of entrepreneurship for members of disadvantaged groups. While minority firms face the same economic environment in various industries, their growth is constrained by industry social structure which includes resource providers, gatekeepers and government entities as well as industry practices and policies (Shelton, 2010). Black businesses deal with the same types of entrepreneurship issues as other businesses however, Conley (2015) indicates that Black business owners are confronted with additional problems or barriers like racial discrimination, access to capital and in some cases gender bias. Racial discrimination is displayed in a variety of ways. Contrada et al. (2001) measures racial discrimination as denial of equal treatment, avoidance, devaluating action and exclusion.

For example, many years construction contracts dominated State and local government procurement spending. U.S. Senator Lautenberg stated that transportation construction, "has historically relied on the old-boy network...This is an industry that relies heavily on business friendships and relationships established decades, sometimes generations ago" (Federal Register, 1999: 21 as cited in Bates, 2015). Beneath the laws and union contracts, personal contacts and informal networks limit minority participation (Bates, 2015). Without Government monitoring many large companies would appear to meet Government requirements while not complying (Bates (2015).

AAM1: "I'm a proponent of all those programs. I've been on a program that they have to justify the DBE program every year. Once a year, they set out a project, with no goals on it. It comes back with no participation. That's how they justify keeping that program. My thought is, firms only use you if they have to meet those goals. If those goals didn't exist, even though you worked with them on previous projects, they would not use you." African American Male Business Owner – (Conley, 2015)

Many of the firms that were interviewed in the Conley (2015) manuscript confirm that discriminatory business practices exist and are barriers to growth. Some Black businesses share the experience of being used for their Minority Business Enterprise (MBE) Certifications and then when the project is awarded they are excluded from contract participation by the prime contractor (Conley, 2015). Other examples include, requiring MBE Contractors to hire only those employees that the contractor specifies; Prime contractors placing their own employees on MBE subcontractor payrolls; and MBE subcontractors only getting a fraction of the work promised to them (Bates, 2015).

*Hypothesis 1. Discriminatory Business Practices negatively correlates with business growth.* 

## **Entrepreneurial Perseverance**

Eisenberger (1992) defines perseverance as one's tendency to persist and endure in the face of adversity. Duckworth et al. (2007) define perseverance as grit. Grit necessitates working persistently or tirelessly toward challenges, maintaining effort and attention despite failure, adversity and plateaus in progress. People who have grit or perseverance approach achievement as a marathon and not a sprint and their advantage is stamina (Duckworth et al., 2007). While disappointment or boredom pushes others to retreat or do something different, people that exhibit grit or perseverance stay the course.

Historically speaking, before the American Civil War there were free Blacks who could build capital to participate in business activity, but it was difficult because they only had "half-free" status which meant they could be recaptured and enslaved at any time. As the United States developed, government restrictions on Blacks increased and in turn, curtailed the development of Black business (Butler, 2005). Despite these barriers where free Blacks congregated, Black businesses emerged. Although they were excluded from mainstream society, Blacks developed their own educational facilities ranging from elementary schools to colleges, churches, financial institutions, fraternal societies and insurance companies (Butler, 2005).

Shelton (2010) suggests that minority owned businesses "fight an uphill battle" despite regular entrepreneurial adversities they endure additional hardships due to social and institutional barriers. Success in this environment requires unrelenting measures by

Black American groups to counteract racism" (Ahiarah, 1993: 19). In this regard, Blacks continue to open up businesses at three times the rate of Whites (Crump et al., 2015: 2) and at a rate higher than any other minority group. "The rate of initiation of small businesses remains high and the idea of starting one's own business is still a significant part of the American dream for African Americans" (Feagin & Imani, 1994: 5). Since 2007, there has been a 34% increase in the number of business openings from African Americans (U. S. Small Business, n.d).

# *Hypothesis 2. Discriminatory Business Practices positively correlates with Entrepreneurial perseverance.*

As stated earlier, entrepreneurial perseverance is one's ability to persist and endure in the face of adversity (Eisenberger, 1992). It is also noted that entrepreneurs are faced with many barriers when trying to grow their businesses (Conley, 2015). Often times the journey is challenging and requires patience, persistence and perseverance to succeed (Raut, 2014). Wiklund and Shepherd (2005) suggest that people start businesses for a variety of reasons other than just maximizing returns. Some minority entrepreneurs were motivated by economic and social goals (Edelman et al., 2010). The disadvantage theory suggests that when people that are excluded from the mainstream economy because of discrimination they will turn to entrepreneurship or business ownership (Smith-Hunter & Boyd, 2004). In this regard, many Blacks choose self-employment instead of unemployment (Light & Rosenstein, 1995), and since history indicates that Blacks continue to have a higher rate of unemployment than any other minority group member (13.1% versus 7.4 which is the overall U.S. unemployment rate), they grow their businesses in an effort to stay employed, keep their status in society and contribute to their communities (Bureau of Labor and Statistics, 2014).

*Hypothesis 3. Entrepreneurial perseverance positively correlates with business growth.* 

#### **Mediating Effects**

## Mediating Roles of External Networking (in-group/out-group)

#### External Networking

Networking is essential to entrepreneurship and has a strong influence on growth. Rational self-interest in relation to network research can be traced to the work of Sociologist James Coleman (1988). Coleman suggested that from two actor interactions with each actor operating out of self-interest, a social system such as a small group emerges (Katz et al., 2004). He posits that while each actor is trying to maximize his or her best interest, they are both constrained because they are both embedded and interdependent with each other. The relationship poses limits on each actors' behavior and regulates the amount of self-seeking that can take place. The limits are counterbalanced by the increased access to resources each person gets via the other.

Without networking or developing social capital, businesses are incapable of sharing information and marketing in order to pursue business. Beckert (2010) indicates that individual social networking and inter-organizational strategic networking functions and activities are important to an on-going competitive advantage. The literature further confirms that entrepreneurship is embedded in networks. In addition, exposing entrepreneurs to social networks may advance or constrain ties for better resources, information, opportunities and challenges (De Hoyos-Ruperto, Romaguera, Carlsson, & Lyytinen, 2013).

## External Networking (In Group)

Conley (2015) found that all high performing African American and non-minority entrepreneurs leveraged a variety of relationships (social capital) to overcome obstacles to growing their businesses. Many minorities work within their own group to create business relationships (social capital). Social identity theory differentiates interaction within your own racial group as "in-group" and interacting outside your group as the "out-group." Rhodes and Butler (Rhodes & Butler, 2010) suggest that current networks are still very homogeneous. However, they suggest that the "birds of a feather flock together" mentality limits social worlds because they restrict the movement of information received by people, the attitudes they form and the interactions in which they engage. Networking within one's group is may be very beneficial if your group is the majority member for instance White males, however if your group is within a minority group you will be limited by the economics of your small group.

*Hypothesis 4. External Networking (in-group) partially mediates the positive effect of Entrepreneurial perseverance and business growth* 

## External Networking (Out-group)

Social identity theory suggests that people want to associate with people that are like themselves. Many minority and women owned business owners speak of the "Good Old Boys" network and not being able to enter the group in order to do business. Since the mainstream or majority groups are predominately White males, it is difficult for other groups to penetrate this circle in order to conduct business. Historically, it was against the law for Blacks to network outside of their own group. Black were the only minority group that were legally segregated while other immigrants were allowed to sell their goods and services freely to all (Butler, 2012). Bates (2001) supports the hypotheses that entry barriers still tend to keep out MBEs because of their minority status.

External networking to outside groups enhances growth because there is access to the majority population. Since the majority population controls the economy there is a better opportunity for revenue growth. Bates (1989) found that reliance upon a clientele that is 75% or more minority ranks second as a cause of disproportionally high Black business failure rates. In this regard, his findings indicate that "progress in the Black business community would be fostered by greater access to capital markets and more active participation in the open market place" (Bates, 1989: 45).

*Hypothesis 5. External Networking (out-group) partially mediates the positive effect of Entrepreneurial perseverance and business growth.* 

## **Perceived Shared Vision**

Rochford (2015) defines shared vision as "the extent to which members of an organization (or team or dyad) share a common mental image of a desirable future that proves a basis for action. Many business owners or leaders motivate their employees by sharing and promoting their vision of the company's future. In many instances Black businesses have employees that understand or quickly are exposed to the barriers that Black businesses face and therefore ban together to achieve the goal or vision that has been created by the owner. Conley (2015) provides an example of the shared vision within an organization and its owner's ability to recognize that if potential employees do not see or understand the vision and culture they will not fit within the organization and cannot contribute to the success of the organization. When the Black female business owner (AAF#2) was interviewed she immediately spoke of the culture of the organization. She shared the importance of hiring employees that understand and buy-

into the culture and vision of the company. Nahapiet and Ghoshal (1998) suggest that shared norms and identity increase the level of mutual understanding among organizational members. This, in turn, acts as a resource that influences the anticipation of value to be achieved through collaboration and the motive to combine and share knowledge. In the regard, the leader must create a culture within the organization that understands need for perseverance. There must be an understanding that there are barriers to overcome when working within Black organizations. Much of the literature uses shared vision as a mediator or moderator (Boyatzis, 2008; Senge, 1990; Tsai & Ghoshal, 1998; Van den Bossche, Gijselaers, Segers, & Kirschner, 2006). In this study we used Perceived Shared Vision as a mediator. Shelton (2010) suggests that Black companies must not just work against the normal entrepreneurial battles but must also contend with additional social and institutional barriers which are only aimed at minority businesses. An example of this kind of pressure was illustrated in one of the interviewees in Conley's (2015) qualitative study.

An African American business owner (AAF7) asks one of her White employees why she was leaving. The employee responds that she had no idea how hard was to work under these circumstances (against the barriers that are confronted by a Black-owned business). She explained that it was just too much work when comparing it to other White firms that she had worked for in the past. She said she just couldn't do it anymore.

*Hypothesis* 6. *Perceived Shared Vision partially mediates the positive correlation between entrepreneurial perseverance on business growth.* 

## **Moderating Effects**

## Moderation

## Faith

For the purposes of this study we refer to faith as the ability to draw from a personal connection to God to enhance functioning and provide a strategy for coping with adversities. In this regard, there is a long history of faith and business. Between the late eighteenth and early twentieth century Alex Tocqueveille and Max Weber recognized the importance of Christian faith to motivating work and entrepreneurship. In regard to the Black community, faith, religion and the church have been the foundation of Black entrepreneurship since the end of slavery. In order to endure the ongoing social and institutional barriers faced by Black entrepreneurs, they relied on their faith to overcome obstacles to business growth. Conley's (2015) findings indicate that 80% Black women in the study and almost half of the Black males relied on faith and prayer to overcome obstacles to growing their businesses. The findings from Conley (2016) indicate that faith/prayer mediated by shared vision positively correlates with the importance of growth and sales in minority business owners. An example of faith in business, below is an example of a Black business owner's thoughts.

AAF1: "He just kept me strong, kept me stable." "You go through a lot of changes, so He just kept me grounded. I just stayed in my faith. I'd get back up and say, "Okay, God, I know you are there."

African American Female Business Owner – (Conley, 2015)

Faith is used as a way to overcome obstacles that are confronted in business.

*Hypothesis 7. Faith moderates (strengthens) the positive effect of Discriminatory Business Practices on Entrepreneurial perseverance.* 

## Multi-group Moderation

#### Preferential Procurement Programs

PPPs provide opportunities for minorities and women to participate in the economy and level the playing field (penetrate the outside group). While there are many barriers that Black business must overcome, Conley (2015) notes that diversity initiatives or Preferential Procurement Programs were leveraged by 100% of women and 83% of Black entrepreneurs. Preferential Procurement Programs (PPP) or Affirmative Action Programs for business include public and private programs designed to support minority and women owned businesses. Government programs that focus on procurement for minority businesses by many are viewed as an essential device for opening doors to opportunities and providing affirmative action benefits to minorities (Bates, 1985; Conley, 2015; Rehman, 2016). Allport (1954) suggests that the positive effects of intergroup contact theory occur in the following four situations: equal group status within the situation; common goals; intergroup cooperation and the support of authorities, law and custom (Pettigrew, 1989). When looking at PPPs through the lens of intergroup contact theory, these programs—when structured and monitored properly, can be utilized to disrupt or penetrate the "good old boy network" or social identity theory. In other words, PPPs can diminish discriminatory business practices by promoting equal status regarding contracting opportunities, by both parties working together to achieve a common goal which is contract award and implementing a successful project. PPPs can facilitate cooperation between teaming partners and if supported by authorities and laws, can promote a good working relationship that can be grown over time. Ong (2001) studied a sample of 2,075 Small Business Administration's 8(a) graduates and his

findings "support the assertion that set-aside programs increase the ability of minority firms to compete in the private sector." His study also concluded that participation in the 8(a) program lowered the number of firms that went out of existence (Ong, 2001: 70). Bates states that PPPs that are highly successful are well designed administered programs that have created a less discriminatory environment (Bates, 2015) which in turn are beneficial to growing minority businesses.

*Hypothesis 8. The negative relationship between discriminatory business practices and business growth is dampened for PPP participants.* 

*Hypothesis 9. The positive relationship between entrepreneurial perseverance and external networking (in-group) is stronger for PPP participants.* 

*Hypothesis 10. The positive relationship between entrepreneurial perseverance and external networking (out-group) is stronger for PPP participants.* 

## **RESEARCH DESIGN AND METHODS**

## **Operationalization of Constructs**

This study incorporates a number of scales to measure independent, mediator, moderator and dependent variables. Many of the scales chosen are based upon validated measures from literature searches. A select few have been adapted. All scales are measured on a 5-point Likert-scales. The 5-point Likert-scales measure responses ranging from "1 = strongly disagree" to "5 = strongly agree." The survey consists 79 items. The items are identified in the Constructs Table which is in Appendix I. We include reflective scales and demographic information about the company and entrepreneur. Each reflective scale has a construct that measures one of the following: Discriminatory Business Practices, Faith, PPP Participation, External Networking (in-group/out-group), Entrepreneurial Perseverance, Growth Intentions and Shared Vision. In addition, we include an optional survey for employee participation. This survey includes demographic information about the employee as well as two of the same two reflective measures that were also included in the main employer survey (Faith and Shared Vision).

## **Data Collection and Sample**

The survey was conducted between October 2017 and December 2017. I obtained empirical data to test the hypothesized relationships by using the Qualtrics online surveying tool. I sent surveys to approximately 65,000 minority business owners throughout the United States. I utilized response validation in Qualtrics and required respondents to complete the majority of questions prior to moving forward in the survey to reduce missing data.

The survey was also distributed to Black business owners that were found in minority business databases, SAM.Gov, social media groups, the researcher's personal business network and referrals from survey participants as the primary methods. For the referral method, an email trigger was developed in the Qualtrics surveying tool. In regard to social media, the researcher posted the survey to various LinkedIn groups utilizing a Qualtrics URL link to the survey. I also requested that survey participants identify one Black business owner from their network to take the survey. A link was then automatically sent to the recommended business owners using an email trigger in the Qualtrics online surveying tool. The sample includes Black men and women that are 18 years and older from across the United States. Their educational levels range high school to doctoral level. All business owners in this sample have at least one employee other than themselves and have been in operation for at least four years. This sample represents the following business industries: retail, healthcare and social assistance, construction,

transportation and warehousing, professional, scientific and technical, real estate administrative support, and waste mediation. In addition, entrepreneurs that participated in this study own businesses that have the following corporate structures: sole proprietorships, partnerships, corporations, or limited liability companies.

## **Data Analysis**

We began data screening by visually inspecting the dataset and noticing rows of missing data. Excluding completely empty survey responses, we started with 338 responses. We found an additional 39 cases that were missing over 50% of their values. "Variables or cases with more than 50% or more of missing data should be deleted" (Hair, Jr. et al., 2010: 48). Based upon this recommendation, we removed them, leaving 298 responses.<sup>1</sup> Fortunately, we also captured perceptual performance data from each participant and decided to move forward with this information for the dependent variable in the study. We confirmed that there was no other missing data in our data set. We observed one unengaged response and removed it leaving 298 cases in our dataset for analysis. During the variable screening phase, we also noticed 10 cases where a respondent indicated that they had either 0 or 1 employee; however, during the survey screening section, they agreed that they employed more than 1 person in their organization, therefore we assumed that this was a typo and replaced them with 2s. In addition, there were two respondents that inaccurately reported their company founding date as "1" and "1051" so we replaced "company age" using the mean-average age of all company ages in the dataset. In addition, we noticed that 5 other respondents were

<sup>&</sup>lt;sup>1</sup> Unfortunately, upon further visual inspection, we noticed that the employee data, revenue data, company location data had a substantial number of blanks in which individuals decided not to share their private location, employee numbers and revenue.

missing values in the company-age column, so we also replaced them with the mean company age of 1988.

We observed fairly normal distributions for most of our variables, however, we observed moderate kurtosis for one of our mediators (PSV) and our moderator (FMS). We also observed extreme kurtosis for one of our DVs (Grit\_5, Grit\_6), 9.8 and 9.2 respectively. While this may violate strict rules of normality, Kline (2011) allows 10 as the upper threshold for normality.

#### Measurement Model Analysis

Our next step was to conduct an exploratory factor analysis (EFA) on our dataset using IBM SPSS and AMOS 25 software. We performed the EFA to see if the observed variables would load together as anticipated. We also confirmed that they were adequately correlated and met the criteria for reliability and validity. We used Principal Access Factoring and chose Promax as the rotation method because it is an oblique rotation that considers correlated factors (Treiblmaier & Filzmoser, 2010).

We set our suppression in SPSS from the default 0.100 setting to 2.0 and ran the EFA to show any cross loadings. This revealed discriminate validity issues with the Discriminatory Business Practices (DBP) and the External Networking – In-group (INGRP) constructs. We removed several items (DBP\_A3, DBP\_D1, DBP\_D2 and INGRP\_2) by using an iterative process until the data fit the model reasonably well. Our final pattern matrix revealed an 8-factor model which included 37 (4.0%) non-redundant residuals with absolute values greater than 0.05 (IBM SPSS, 2016). Please see the pattern matrix (Appendix J).

## Adequacy

The KMO predicts sampling adequacy and indicates the likelihood that the data will factor well based upon correlation and partial correlation. Our KMO and Bartlett's test of Sphericity were significant. In this regard, our KMO was .842 which Kaiser and Rice (1974) indicate is sufficient. Hair et al. (2010) state that a statistically significant Bartlett's Test of Sphericity (sig. <.05) indicates that sufficient correlations exist among the variables to proceed (p. 117). In addition, communalities for each variable were sufficient (all were above .30) which is acceptable for a large sample size of 350 (Hair et al., 2010: 117). Please refer to Appendix K for Communalities. Following Hair et al.'s (2010) recommendation that only the factors having latent roots or eigenvalues greater than 1 (p. 109) are considered significant, we identified 8 factor which explained 67% of the variance in the model which further confirms the adequacy of the variables in the 8-factor model.

#### Validity

Convergent validity refers to evidence that the items that should be related are indeed related. Evidence is shown when items 'converge' on the same construct. Any variables that demonstrated cross-loadings with a delta smaller than .200 were deleted (Hair et al., 2010). No additional cross-loadings were identified, therefore, our pattern matrix showed satisfactory convergent validity because the factor loadings were all above the recommended threshold of .30 for sample sizes of 350 (Hair et al., 2010) and demonstrated sufficient discriminant validity with loadings above .540. Please refer Table 2 (pattern matrix) for details.

## Reliability

The Cronbach's alpha test is used to evaluate the uni-dimensionality of a set of scale items. It measures the positive relationship between the variables in a scale. In our study the Cronbach's alphas are all above .70 (Hair et al., 2012). In addition, the factors are considered to be reflective because their indicators are highly correlated and interchangeable (Jarvis et al., 2003). Table 5 lists the descriptive statistics including the mean, standard deviation, number of variables, correlations and Cronbach's Alphas for the final constructs.

## **Confirmatory Factor Analysis (CFA)**

We conducted our CFA using the EFA information and Amos version 25 which is a graphical interface tool for statistical modeling. Please see CFA model in Appendix L. We reviewed modification indices and co-varied error terms (e16 and e17, e25 and e26) that loaded on the same factor and were theoretically related to improve model fit (Byrne, 2010). We also removed DBP\_EQ1 due to loadings that resulted in an r2 over 1.0 and a regression weight from UNEQU\_L that was 1. Our final fit statistics are as follows: CMIN/df = 1.613, CFI = .956, RMSEA = .045, PCLOSE = .912 and SRMR = .0486 which met the recommended thresholds per Hair et al. (2010: 672).

#### Validity and Reliability

To test for discriminant validity, we compared the square root of the AVE (on the diagonal in the matrix in Table 12) to all inter-factor correlations. "AVE greater than .5 is desirable because it suggests that the latent construct accounts for the majority of the variance in its indicators on average" (MacKenzie et al., 2011: 313). In this regard, we have convergent validity as evidenced by the average variance explained (AVE) amounts

which are all above .5 and we have reliability as evidenced by the composite reliability (CR) values which are all above 0.700. Hair et al. (2010) indicates that this range may be acceptable provided that other indicators of a model's construct validity are good. In addition, we have discriminant validity based on the square root of the AVE being greater than any inter-factor correlations.

	Mean	Std	# of	CR	AVE	MSV	MaxR(H)	INGRP_L	FMS_L	DBP_L	BGROWP	GRIT_L	PSV_L	OUTGRP_L
		Dev	Items											
INGRP_L	3.679	0.632	3	0.843	0.643	0.284	0.862	0.802						
FMS_L	4.405	0.0775	5	0.950	0.794	0.119	0.965	0.326	0.891					
DBP_L	2.684	0.3331	9	0.920	0.747	0.076	0.991	0.072	0.012	0.864				
BGROWP	3.082	0.3162	4	0.794	0.496	0.076	0.991	0.068	0.114	-0.276	0.704			
GRIT_L	4.403	0.2168	6	0.881	0.563	0.284	0.993	0.188	0.171	-0.005	0.099	0.750		
PSV_L	4.211	0.1483	5	0.907	0.661	0.284	0.993	0.248	0.345	-0.039	0.199	0.533	0.813	
OUTGRP_L	3.584	0.4171	3	0.773	0.540	0.284	0.993	0.533	0.218	-0.021	0.075	0.125	0.237	0.735

 Table 12. Validity and Reliability Chart

#### **Configural and Metric Invariance**

We performed a configural and metric invariance test using 2 groups (PPP and NO\_PPP). Configural invariance is evidenced by good model fit measures when estimating two groups freely without constraints. We ran a CFA with the same items loading on the same factors and did not constrain the loadings to be equal (used an "unconstrained" model in AMOS). We removed DBP\_E3 due to a loading of 1.0. The model fit was good (CFI=.930, SRMR =.0552, RMSEA =.041, PCLOSE=1) so we accepted that the model exhibited configural invariance.

Metric invariance is evidenced by the loadings of the items onto the factors in a CFA that are the same across groups, indicating that the groups "perceive and interpret" the items in the same way. We tested the unconstrained (configural) model as the baseline then tested for 1<sup>st</sup> and 2<sup>nd</sup> order metric invariance and also found metric

invariance. In this regard, the multi-group test resulted in the two models being invariant. See Table 13.

Model	Fit statistics	Invariant?
M1: Configural	CFI=.930, DF= 1128, pvalue = .000 RMSEA= .041, PCLOSE=1.000	YES
M2: 1 <sup>st</sup> Order	CFI=.930, DF= 1153, pvalue = .000 RMSEA= .041, PCLOSE=1.000	YES
M3: 2 <sup>nd</sup> Order	CFI=.930 DF= 1157, pvalue = .000 RMSEA= .041, PCLOSE=1.000	YES

 Table 13. Multi-group Measurement Invariance Testing

We also tested for scalar invariance. Scalar invariance was observed by the p-value for the chi-square difference test being nonsignificant. Therefore, we justify that the measurement model is sufficiently consistent across groups so that we may conduct multi-group comparisons in the structural model.

## **Common Method Bias**

We conducted a common method bias test where we compared the unconstrained common method factor model to the fully constrained zero-constrained common method factor model, and the results of the chi-square test yielded a p-value that was significant (p = .000). The differences in the chi-square test indicated that the model was not invariant, indicating that there is evidence of significant shared method variance (Appendix O). Therefore, we retained the CLF in the model. We then checked for model fit in this final measurement model and found that the recommended thresholds were met

per Hair et al. (2010: 672). They are as follows: CMIN/df = 1.621, CFI = .943, RMSEA = .046, PCLOSE = .933, and SRMR = .0562.

Based upon good model fit we created a causal latent model with the following adequate model fit statistics: CMIN/df = 1.740, CFI = .914, RMSEA = .050, and PCLOSE = .508 (see Appendix M). We included control variables in our causal model. Once the model was created, we ran the AMOS 25 statistical package to analyze the data gathered to empirically test our theory as depicted by a series of hypotheses (IBM SPSS Amos, 2015).

## **Structural Model Analysis**

Structural equation modeling (SEM) includes a number of statistical models that are used to explain the relationships among multiple variables (Hair et al., 2010).

*Multivariate assumptions*. Our goal is to find out if we have influential respondents in the dataset. We performed a Cook's Distance analysis and found no records that exhibited abnormal Cook's distances (above 1.0) (Cook, 1986). In most cases they were far less than .600. Based on these findings, we moved forward to test multi-collinearity.

Multi-collinearity is the extent to which the variance in a dependent variable that is explained by one variable can also be explained by another variable in the analysis. As multi-collinearity increases, it complicates the interpretation because of the difficulty in distinguishing between the effects of any single variable (Hair et al., 2010). Hair et al. (2010) also indicates that a common cut-off threshold for tolerance is .1 which corresponds to a VIF value of 10. When reviewing the Collinearity Statistics we confirm that the variable inflation factors (VIFs) are below 10 with items ranging between 1 and

7. In this regard, our model indicates that there may be only some mild issues of multicollinearity, not exceeding the threshold of 10.

In addition to our causal latent model we created composite variables (factor scores) in SPSS in order to test for interactions. In this regard, our findings will include results from the Causal Latent Model except the interaction results from the composite model.

## Results

The overall hypothesized model measures the direct and indirect correlations between discriminatory business practices and business growth. In addition, the model includes variables that assess the relationship between entrepreneurial perseverance and the direct and indirect effects of external networking from an in-group and outgroup perspective as well as perceived shared vision and its relationship to business growth. The model includes the interaction effects of faith and preferential procurement program participation. I created a latent model and composite model for this study. Both structural models met the thresholds recommended by Hair et al. (2010). The latent models fit statistics are: CMIN/df = 1.740, CFI = .914, RMSEA = .050, and PCLOSE = .08 and the composite models fit statistics are: CMIN/df = 1.504, CFI .915, RMSEA = .041, and PCLOSE =.713

## **Covariance Structure Analysis**

Covariance measures the extent to which the values of two factors vary together. We use correlations to describe the strength and direction of the linear relationship between two factors (Hair et al., 2010). Appendix N contains our descriptive statistics and correlations among variables.

## **Direct Effects**

Table 14 outlines the direct effects for this study. One of three direct effect

hypotheses were supported.

Table 14. Hypothesized Direct Effects an	nd Control Variables
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Direct Effects:	Beta	Supported?
H1: Discriminatory Business Practices negatively	-0.261***	Yes
correlates with business growth.		
H2: Discriminatory Business Practices positively correlates	001(ns)	No
with Entrepreneurial perseverance.		
H3: Entrepreneurial perseverance positively correlates	.001(ns)	No
with business growth.		
Control Variables:		
COMP_LOC>OUTGRP	-0.015(ns)	No
COMP_LOC>INGRP	0.062(ns)	No
COMPANY_AGE>OUTGRP	0.063(ns)	No
COMPANY_AGE>INGRP	0.069(ns)	No
ENT_EDU>OUTGRP	0.112*	yes
ENT_EDU>INGRP	0.092(ns)	no
GRTH_1>OUTGRP	-0.074(ns)	no
GRTH_1>INGRP	-0.085(ns)	no
GRTH_2>OUTGRP	-0.029(ns)	no
GRTH_2>INGRP	-0.003(ns)	no
COMP_LOC>BGROW	0.116(ns)	no
COMPANY_AGE>BGROW	0.017(ns)	no
COMP_IND>BGROW	-0.058(ns)	no
ENT_EDU>BGROW	0.02(ns)	no
GRTH_1>BGROW	0.097(ns)	no
GRTH_2>BGROW	0.121(ns)	no

Due to the need to focus our efforts on the mediating and moderating effects of the model, we did not hypothesize the following direct effects listed in the Table 15.

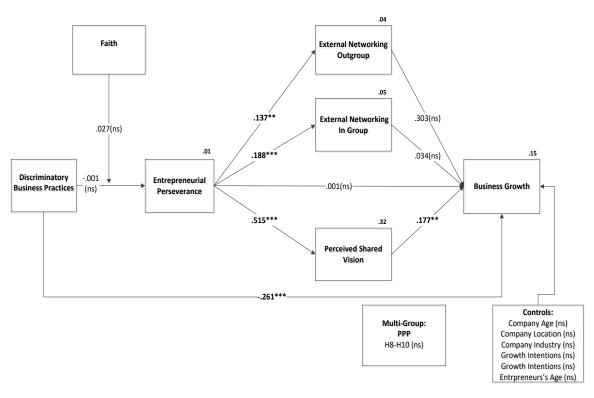
However, these effects are part of mediation, moderation and multi-group testing.

Ad-Hoc Direct Effects	Beta	Supported?
Entrepreneurial perseverance positively correlates with External Networking. (in-group)	β=.188***	Yes
Entrepreneurial perseverance positively correlates with External Networking. (out-group)	β=.137**	yes
Entrepreneurial perseverance positively correlates with Perceived Shared Vision.	β=.515***	yes
External networking (in group) positively correlates with business growth.	β=.034(ns)	No
External networking (out group) positively correlates with business growth.	$\beta = .030(ns)$	No
Perceived shared vision positively correlates with business growth.	β=.177**	Yes

Table 15. Direct Effects – Not Hypothesized

p<.01\*\*\*, p<0.05\*\*, p<0.10\*

Figure 15. Structural Model with Standardized Regression Weights for Direct Effects



Discriminatory business practices, entrepreneurial perseverance, perceived shared vision, external networking (in-group and out-group) explain 15% of the variance found in business growth. Discriminatory business practices explain very little variance in Entrepreneurial perseverance (.01). Entrepreneurial perseverance explains 32% of the variance found in Perceived Shared Vision. Entrepreneurial perseverance explains 4% variance in Out-group External networking and 5% of the variance in In-group External Networking.

## **Mediating Effects**

Hypotheses H4–H6 examined mediating relationships which include perceived shared vision and external networking (in-group/out-group). The perception of shared vision is intended to demonstrate mediating relationships which are believed to enhance the positive effect of entrepreneurial perseverance and business growth. To test our mediation hypotheses (H4–H6), we estimated the direct, indirect and total effects of External Networking (OUTGRP), External Networking (INGRP) and perceived shared vision (PSV) on Business Growth. The results of the user defined estimands tests (Gaskin, 2016) are listed Table 16. In this regard, Perceived Shared Vision fully mediates the relationship between Entrepreneurial perseverance and business growth.

## Table 16. Mediating Effects

Mediating Effects	Indirect Effect	Estimand	Supported?
H4: External Networking (out-group) partially mediates the positive effect of Entrepreneurial perseverance and business growth.	0.001	p-value=.746	no
H5: External Networking (in-group) partially mediates the positive effect of Entrepreneurial perseverance and business growth.	0.004	p-value=.413	no
H6: Shared Vision partially mediates the correlation between entrepreneurial perseverance and business growth.	0.049	p-value=.024	yes, full mediation

*Hypotheses 4 & 5.* We hypothesized that external networking (outgroup) would mediate the positive relationship between entrepreneurial perseverance and business growth. We also hypothesized that external networking (in-group) would positively mediate the relationship between entrepreneurial perseverance and business growth. These hypotheses were not supported, and we found no mediation ( $\beta$ =.004, ns;  $\beta$ =.001, ns).

*Hypothesis 6.* This hypothesis confirms that perceived shared vision fully mediates the effect of entrepreneurial perseverance on the business growth ( $\beta$ =.049\*).

## Moderating effects

Hypotheses 7 examined faith as moderating (strengthening) the relationship between discriminatory business practices and entrepreneurial perseverance. We tested for moderation but found that this hypothesis was not supported ( $\beta$ =.027, ns). However, it is noted that we found significant direct relationships between Faith (FMS)  $\rightarrow$ Entrepreneurial Perseverance (GRIT) ( $\beta$ =.181\*\*) and Growth Intentions (GRTH)  $\rightarrow$ Business Growth ( $\beta$ =.128\*).

## Multi-group effects.

We examined Hypotheses 8–10 using multi-group moderation. We first tested the positive relationship between entrepreneurial perseverance and external networking (ingroup) at the model level to determine if the PPP group had a stronger relationship than the non-PPP participants (H8). The multi-group test indicated that the models were the same for both groups at the model level (p-value = .119). We then tested entrepreneurial perseverance and external networking (ingroup) at the path level. The test determined that even when the path was forced to be equal, the path still showed no difference between the PPP group and NO\_PPP group (p-value=.361); therefore, the hypothesis was not supported.

We then tested Hypothesis 9 which examined the positive relationship between entrepreneurial perseverance and external networking (outgroup) at the path level to determine if the relationship was stronger for the PPP group. The test determined that even when the path was forced to be equal, the path still showed no difference between the PPP group and the NO\_PPP group (p-value = .926); therefore, the hypothesis was not supported.

We checked Hypothesis 10 which examined the negative relationship between discriminatory business practices and business growth at the path level to determine if the relationship was stronger for non-PPP participants. The test determined that even when the path was forced to be equal and there still was no difference between the PPP group and the NO\_PPP group (p-value = .235); therefore, the hypothesis was not supported.

#### Discussion

This study empirically supports that there is a negative relationship between discriminatory business practices and business growth. This research project measures

this phenomenon by exploring various factors that effect growth among Black CEOs and business owners. In this regard, the negative relationship between discriminatory business practices and business growth was significant. This was a hypothesis that was not a surprise but confirms other studies regarding discrimination against Black businesses in the United States. Conley (2015) identified three key barriers to business growth: racial discrimination, gender bias and access to capital. In this study, 12 out of 18 Black business owners cited race as a barrier to business growth. This may further explain and support the literature and statistics that suggest that while Black entrepreneurs open more businesses than any other minority groups, they also close their businesses at a higher rate than other minority groups. Much of the literature speaks to factors that correlate with the success of Black businesses like lack of education, experience and access to capital, I suggest that discriminatory business practices are also a factor in the success and or/growth of Black businesses. It might also be noted that discriminatory business practices may correlate with other variables in the model that were not tested during this study.

I hypothesized that there was a relationship between discriminatory business practices and entrepreneurial perseverance. The disadvantaged theory suggests that minorities go into business at a higher rate than others due to discrimination in the mainstream work force, therefore the I hypothesized that discrimination in business practices positively correlates with perseverance, in other words the more that Black business owners experience discrimination the more they are determined to keep going or to persevere. This hypothesis was not supported. Much of the literature indicates that while Black businesses enter into entrepreneurship more than any other group, they also

exit entrepreneurship at a higher rate than any other group. This may further confirm the literature in regard to accessing capital or just the ability to endure further discrimination may be too much. There can be no perseverance without capital and discriminatory business practices can emerge in various environments and in various ways that are more complex than one study can measure.

I also hypothesized that faith strengthens (moderates) the relationship between discriminatory business practices and entrepreneurial perseverance. In this regard, Conley (2015) indicated that faith played a strong role in a Black entrepreneur's ability to overcome barriers to growth. This hypothesis was not supported. Faith did not moderate the relationship between discriminatory business practices and entrepreneurial perseverance. In this regard, faith cannot moderator or strengthen a relationship that is not present. However, we do note that faith has several direct effects that were not hypothesized in our model. Please see Table 17. I struggled with deciding if faith should be used as an independent variable as it was used in Conley (2016) versus a moderator. I chose moderation for exploratory reasons. In retrospect, faith is a driving force that gives individuals the ability to cope in adversarial situations. The ability to cope can then allow people to continue moving forward towards their goals or aspirations. In this regard, it comes as no surprise that faith has a positive relationship with Entrepreneurial perseverance. In addition, faith has a positive relationship with outgroup and ingroup networking.

Ad-Hoc RelationshipsRegressionsFaith  $\rightarrow$  Entrepreneurial Perseverance $\beta$ =.181\*\*Faith  $\rightarrow$  INGRP $\beta$ =.258\*\*

**Table 17. Faith Direct Effects – Not Hypothesized** 

	Faith $\rightarrow$ OUTGRP	β=.153*
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Entrepreneurial perseverance has a significantly positive correlation between external networking for both the out-group and in-group (See Figure 15). This hypothesis suggests that along with perseverance, in the context of entrepreneurship, faith may drive may drive networking (in-group and out-group) in order to create business opportunities. It is also noted that historically, Black were precluded from conducting business outside of their race, however, we have moved forward in networking -- both within minority groups and outside minority groups. Interestingly, the beta weights are stronger when networking within one's own group (in-group) which supports much of the theory found in Butler's (2005) article, which suggested that "birds of a feather do flock together." Also, social identity theory suggests that groups identify and tend to work with their own group to make themselves feel better about themselves. The significance of the outgroup networking is also very important and is suggested that entrepreneurial perseverance has a strong relationship with networking outside one's own group. Our initial concern was understanding networking differences from both in-group and outgroup. Bates (2001) concludes that the more minority groups work with the majority group (outgroup) the more successful they can become. Due to the age of the companies in this dataset, there does not appear to be an issue with external networking, however; there may be a different outcome for nascent Black businesses.

The direct relationship between entrepreneurial perseverance and business growth was not significant. The insignificance of this hypothesis may suggest that similarly to the Conley (2016) findings, which suggest that Black business owners need support and

additional factors for business growth. Conley (2016) found that a sense of God and his awareness at work positively affected the attitude regarding the importance of employment and sales growth. Conley (2016) also found that ESCI Leadership skills alone did not correlate with the importance of sales and employment growth, however there was a significant relationship when mediated by "shared vision." In regard to entrepreneurial perseverance, this factor alone may not be enough to effect business growth. However, it is also noted that our dataset includes business owners that have survived at least four years of operation therefore, they may already know that there are other factors that are necessary to stay in business and grow, so perseverance alone may not influence growth. In addition, another realm of thinking is that some businesses may not want to grow. Penrose (1959), indicates that the manager or major stakeholder in the company makes this decision. Many in this dataset may want to keep their business at a certain size. As I indicated earlier in this study, my father was very adamant in deciding that our company would only grow to a certain level. His motto was "controlled growth." His goal was to keep the company at a manageable size in order to stay in control. He did not want outside investors. He simply wanted to employ family members and a limited number of employees.

The most significant relationship in this model is the relationship between entrepreneurial perseverance and shared vision ( $\beta$ =.515\*\*\*). As indicated earlier, a similar finding was also supported in the Conley (2016) study which confirmed that ESCI Leadership traits mediated by shared vision had a significant correlation with the importance of sales and employment growth attitudes. In our current study, perceived shared vision fully mediates the relationship between entrepreneurial perseverance and

business growth. In other words, there is no relationship to business growth without perceived shared vision. This suggests that along with perseverance an entrepreneur must also foster and create a shared vision within the company to accomplish business growth. This further solidifies the fact that while entrepreneurs are typically alone making strategic decisions for the company it is important to have a team that supports those decisions because with growth comes more risk and responsibilities. This study further suggests teams play a significant role in growing businesses. While the CEO or entrepreneur may strategically orchestrate where a company is going, there is a need for good team members that understand and share the vision while making sure that the dayto-day tasks are being accomplished.

In relation to preferential procurement programs, we hypothesized that there would be a difference between groups that participated in PPPs and those that did not. Specifically, we tested the positive relationship between entrepreneurial perseverance and external networking at the model and path level for both in-group and out-group external networking as well as the negative relationship between discriminatory business practices and business growth. All hypotheses were unsupported.

In retrospect, our dataset is populated with businesses that are at least 4 years old. In this regard, 71% are 10 years old and older. Therefore, all have survived the 4-year mark which indicates a level of maturity. They already have social capital or understand the need for networking relationships. Preferential procurement programs are designed to help companies gain access to contracts that they might not already have access to and facilitate relationship building. One of the main goals in Government PPPs is creating participation levels on contracts for minorities and women. This encourages large firms

to partner with minority and women owned businesses. I suggest that there are no differences between both groups (PPPs vs. NO\_PPPs) because the relationships have already been built in each group. In addition, we may need to understand the entrepreneur's background. In this regard, many of the CEOs in the dataset may have past employment experiences and brought their network with them when starting their companies. In addition, there might not be a difference in PPP participation groups because of age. Many CEOs may have been around long enough that they already have experience with networking (in-group and out-group) prior to opening their business. In this regard, we may find that PPPs may not be as important to older companies in comparison to nascent companies. For future testing we may need to better understand the effects of PPPs by comparing revenue dollars between PPP participants and non-PPP participants.

In regard to the negative relationship between discriminatory business practices and business growth, there was no difference between the group that participated in PPPs and those that did not. Unfortunately, this suggests that these programs cannot fully change social stratification in the United States. This further suggests that those groups that are utilizing PPPs are still experiencing discriminatory business practices which negatively correlates with business growth.

### **Practical Implications**

Black entrepreneurs will continue to pursue business opportunities in the United States despite the racial bias that resurfaces with each generation. There is an obvious struggle that Black business owners must overcome along with the normal day to day entrepreneurial struggles. As Shelton (2010), indicates, there is an uphill battle for the

Black entrepreneur and his or her business due to systematic racial discrimination. In this regard, Black business must be aware of the discriminatory business practices that they may encounter. What we know is that statistically speaking Blacks open up businesses and close them at a higher rate than other minorities. In this regard, Black business owners must be aware of the factors that have already been addressed in the literature such as the need for education and experience in working in a business setting and positioning themselves to overcome the barrier to accessing capital. This may require that the entrepreneur find those companies that have provided capital to other Black companies in order to avoid any type of discriminatory business practices. However, one of the most important implications of this study, is that Black business owners must build a team that shares the same vision for the company. This was the only mediating variable that correlated with business growth. Black business owners will need entrepreneurial perseverance because there is an uphill battle ahead of them but more importantly, there is the need for good team support. One person cannot grow and sustain a company, employees, i.e., team members must share the vision. A major part of growing the company are the people who participate in the day to day operations and tasks that propel a company forward.

#### LIMITATIONS

Due to the exploratory nature of this study, there are a number of limitations to be considered. Our inability to capture revenue and employment data was a limitation. In this regard, a significant amount of employment and revenue data that was missing. We knew that this may be a risk because many private companies do not share their financial information with strangers. However, we did capture perceptual employment and revenue data which was gathered as a back-up dependent variable and used for this study (Business Growth). Moving forward, we may need to incentivize participants to capture hard financial data to enrich our next study.

We also did not make multi-group comparisons between high-performing and low-performing companies in this study. Unfortunately, this would have reduced the size of our dataset from 298 to 205 responses which is a significant difference. However, in a future study, we plan to recruit more companies so that we can further understand the differences in companies that are considered high performing versus those that are considered low performing companies. I also believe that this may yield more information for multi-group comparison between PPP and non-PPP participants. For future testing we may need to better understand the effects of PPPs by comparing revenue dollars between PPP participants and non-PPP participants.

A final limitation is that the study included low R-squares due to the exploratory nature of the study (Entrepreneurial Perseverance = .01, External Networking - Outgroup = .04, External Networking – In-group = .05). In this regard, we may use entrepreneurial perseverance as an independent variable and find different, more established scales to measure networking and/or social capital in the future. However, I do believe that there is merit in further understanding the in-group networking and as well as out-group networking. I believe there is a difference and race does play a role in this phenomenon. In addition, I would also use faith as independent variable as in the Conley (2016) study. This construct requires more study and I believe has a strong correlation with entrepreneurship.

## CHAPTER 6: DISCUSSION, LIMITATIONS, IMPLICATIONS, AND CONCLUSION

#### Discussion

I first began the journey by exploring the barriers that are confronted by highperforming African American businesses and how they overcome them. Findings suggest three perceived barriers to growth: racial discrimination; gender bias, and access to capital. These high-performing entrepreneurs overcame barriers by 1) building a variety of relationships (both external and internal), 2) leveraging diversity initiatives or preferential procurement programs (PPPs), and 3) relying on faith and prayer. Based on these findings, I chose to expand the scope of my research for the second study by including all minority businesses. The goal of the second study was to understand small business growth attitudes. I used one unique finding from the first study which was faith and prayer. Much of the entrepreneurship literature focuses on the owner's leadership skills and their influence on performance and/or success. Therefore, I decided to measure the leadership traits of the entrepreneurs. In order to further expand this area of research, I chose to measure the emotional social competency inventory (ESCI) traits of minority businesses owners. I found that ESCI leadership traits alone do not correlate with the importance of sales and employment growth, but there is a significant relationship when mediated by shared vision. The other significant finding was that minority entrepreneurs with a sense of God at work and his awareness at work positively effects attitudes towards employment and sales growth. The third study was guided by the first study. In this regard, I focused on discriminatory business practices and the relationships that correlated with business growth. In addition, I chose to use a dataset that was similar to the first study's dataset which is made up of Black entrepreneurs that have been in

operation for over four years and have at least one employee. This allowed me to build upon the qualitative data by empirically measuring perceived racial discrimination. The third study further suggests that discriminatory business practices negatively correlates with business growth and that entrepreneurial perseverance alone does not positively correlate with business growth. However, when shared vison is included as a mediator, there is a positive relationship between entrepreneurial perseverance and business growth. This was the only relationship in this study that significantly correlated with business growth.

The three studies conducted for this dissertation yielded three integration points. They are as follows: the perception of discrimination, faith, and perceived shared vision. **Discrimination** 

One might think that in the year 2018 discrimination does not exist—especially in the business world. There are many successful Black business owners in the United States. They look successful, act successful, and in many ways, are perceived as finally being on equal ground in comparison to non-minorities in the United States. The perceptions of racial discrimination as a barrier to business growth emerged from my qualitative study. In this regard, the majority of high-performing Black entrepreneurs cited racial discrimination as being a barrier to growth while none of the non-minority entrepreneurs identified this as a barrier to growing their businesses. Based on this finding, in the third study, I measured discriminatory business practices by using the several dimensions of Contrada et al.'s (2001) "Perceived Ethnic Discrimination" scales. This scale is typically used in the social science world to measure discrimination in the education, healthcare, and community environments. I found this scale to also be fitting

for the business environment. The following dimensions of discriminatory business practices were measured: avoidance, exclusion, denial of equal treatment, and devaluating action.

One might think that in the professional world of business, if the entrepreneur establishes a business and is considered successful by colleagues and peers, discrimination ends. This was not found in my research. The third study supports the qualitative findings in which there is a strong significant negative relationship between discriminatory business practices and business growth. So, while much of the literature suggests that personal attributes, experience, and education affect the success and growth of business, my model indicates that the environmental climate which has been theorized by Ahiarah (1993) and Shelton (2010) also has a negative correlation.

#### **Implications for Practice**

Black entrepreneurs must understand the environment before entering. In other words, look before you leap. The good news is that other Blacks and minorities have paved the way. Blacks function in a variety of business capacities, i.e., bankers, lawyers, accountants, and other professions that require contact and can support Black entrepreneurs. After proper preparation, i.e., education, experience, it is suggested that Black entrepreneurs leverage these relationships in an effort to mitigate or lessen the exposure to discriminatory business practices.

While not officially hypothesized, entrepreneurial perseverance did positively correlate with external networking in both the in-group and out-group. In-group networking had a higher beta weight ( $\beta$ =.188\*\*\*) than the out-group ( $\beta$ =.137\*\*) indicating a stronger relationship; so, in this regard, Black businesses utilize those

networks that are familiar to them and should continue to do so. These findings may further support the theory of social identity and the concept of "birds of a feather flock together" in a positive way and may warrant further investigation. However, the research in this study did not find that networks alone have a positive relationship with business growth. We know that Black entrepreneurship is impacted by a variety of other factors (Ahiarah, 1993).

Black entrepreneurs must understand that while racial discrimination does and will continue to exist, not all non-minorities are biased nor do all participate in discriminatory business practices. This is where the entrepreneurial perseverance may become a factor. It is necessary to continue to pursue business activities even against adversities. Black entrepreneurs must continue to develop networks with the out-group / majority as well. Out-group networking allows for a loftier pool of social capital to be developed. In this regard, a greater pool of resources may yield larger and more continuous opportunities. Bates (1989) also indicates that Black entrepreneurs who network beyond other minority groups are more successful. Rhodes and Butler (2010) indicate that "birds of a feather flock together." This means that we must continue to pursue those out-group networks even though they may not be as welcoming or as open. Black entrepreneurs need to understand the environment and be prepared to continue networking with both the in-group and out-group despite any discriminatory business practices that they may encounter.

## Faith

"Traditional entrepreneurship literature has typically ignored values such as religion and spirituality when conducting research into entrepreneurial motivation and

behavior" (Balog, Baker, & Walker, 2014:161). Dougherty et al. (2013: 407) found "American entrepreneurs more likely to believe in a personal God who is interested in their problems and affairs. They also pray more than non-entrepreneurs." One of the interviewees from Conley (2015) said, "I don't care if you are religious or not. If you are an entrepreneur there will be a time in your career when you find yourself on your knees praying."

Various aspects of Faith were found to be a common thread or triangulation point throughout all three studies. While faith may not be at the forefront of entrepreneurship literature at this time, I believe that faith and prayer have their place in all aspects of business activity. Faith and prayer emerged as a unique finding in Study 1. It was cited by over half of the participants in the dataset. The majority of African American females relied on faith and prayer and half of the non-minority females also utilized faith and prayer in overcoming obstacles to business growth. Walker (2009) indicates that many Black female leaders "turned to faith in God to gain the strength to endure adverse experiences that stem from race, gender and social class" (p. 647). In addition, almost half of the African-American males referenced faith and prayer while only a small number of non-minority males spoke of faith and prayer in reference to business growth.

Based on these findings I chose faith as a construct for the 2<sup>nd</sup> study. I used the Centrality of Religion Scale by Stefan Huber and Odilo W. Huber (2012) as well as the Faith at Work Scales by Lynn et al. (2009). I found a positive direct relationship between the Sense of God at Work and the Importance of employment and sales growth ( $\beta$ =.211\*\*\*). This relationship suggests that faith is and can be used as a support system

among minority entrepreneurs. Spiritual support seems to build the confidence needed to continue to persevere through adversities in order to grow businesses.

The third study also measured faith by using a different scale—the Faith Maturity Scale (see Appendix I). I decided to explore a different direction with this particular faith construct by testing for moderation. My goal was to investigate the influence of faith on a direct relationship. This test was not significant. I attribute this to the relationship between discriminatory business practices and entrepreneurial perseverance not being significant. However, three ad-hoc hypotheses were discovered (see Table 5). These findings revealed that there is a direct and positive relationship between faith  $\rightarrow$ entrepreneurial perseverance; faith  $\rightarrow$  external networking (out-group); and faith  $\rightarrow$ external networking (in-group). These are very significant findings and warrant further investigation.

#### **Implications for Practice**

As indicated earlier, Faith has been a common theme and integration point between all three studies. This suggests that many Black entrepreneurs currently utilize and should continue utilizing their faith to fulfill the need for support. Many Black entrepreneurs will face adversities due to the environment of social stratification and systemic racism. This is a reality and Black entrepreneurs should be aware and openly utilize faith and prayer as a part of their toolbox just like the need the need to develop social capital, participate in preferential procurement programs, the need to be innovative and leverage technology. They must understand that this is also a tool that they can utilize or embrace to overcome barriers to business growth. Although an ad-hoc finding, it was found that Faith positively correlates with entrepreneurial perseverance. In this regard,

faith correlates with perseverance. Faith provides the confidence to continue moving forward during times of trouble or hardship which entrepreneurs are faced with on a regular basis. Entrepreneurs should also realize that faith can be utilized in the "bad times" as well as the "good times." "According to a Black American Scholar, Black spirituality affirms, negates, and transcends aspects of Anglo-American culture, creates and sustains African American culture, and establishes psychological and spiritual relocation in response to oppression and various systems of devaluation in American Society (Stewart, 1999)" (Garcia-Zamor, 2003: 356).

## **Shared Vision**

Perceive Shared Vision was found in all three studies and provides a triangulation point. It emerged in the first qualitative study in the form of relationships. It was used in the second study to mediate the relationship between ESCI Leadership and the importance of sales and revenue growth and also utilized in the third study as a mediating variable between entrepreneurial perseverance and business growth.

In the first study, all entrepreneurs spoke about the importance of leveraging relationships to overcome barriers to business growth. One sub-finding in the relationship category refers to employee relationships. Entrepreneurs shared the importance of hiring the right types of individuals that understand the goals, vision, and culture of the organization.

Based on the first study, I use shared vision as a mediator and discovered full mediation in Study 2. In this regard, shared vision fully mediated the relationship between ESCI Leadership traits and Importance of employment and revenue growth. This means that while entrepreneurs may have high ESCI Leadership traits, those traits alone

do not correlate with the importance of growth. However, those entrepreneurs that exhibit strong ESCI Leadership traits and have shared vision with the company positively correlates with the importance of employment and sales growth.

Based on the findings from the second study, I used shared vision as a mediator in Study 3. Once again, I discovered full mediation. In this instance, shared vision fully mediated the relationship between entrepreneurial perseverance and business growth. Entrepreneurial perseverance alone does not positively correlate with business growth; however, if shared vision is present, there is a positive association with business growth.

#### **Implications for Practice**

Black entrepreneurs must understand the importance of creating a team and becoming a team player. One person alone cannot drive growth. This is a team sport. Company goals, culture, and ultimately shared vision are important for growth in the organization. The leader of the organization must first share his or her vision and goals for the company. Second, the right type of employee must be hired. In other words, there must be a good fit. While some employees might come with experience and an understanding of the vision and fit right in, others may need to be groomed in order to support the organization, its vision and goals. This is very important because without a shared goal or vision, the employee or team member will not understand the company's goal or vision for moving the company forward.

### Limitations

This dissertation includes a number of common limitations which are presented at the end of each individual study, so, therefore, they are not repeated. This section provides additional insights into the limitations of the overall dissertation document.

The first limitation is the business growth measures. I used perceptual items to measure business growth. My goal was to use objective measures in both quantitative studies. Unfortunately, in the first quantitative study, participants did not respond to the financial information questions; therefore, I used the items from the other dependent variables in my dataset which included subjective small business growth attitude measures. In my second quantitative study, I attempted to acquire three years of objective financial data but also requested perceptual financial growth data as a back-up. Once again, much of the financial data was missing, so I relied on the perceptual business growth data for the dependent variable. While I view this as a limitation, the use of perceptual data is acceptable and advocated in the strategic management literature (Dess & Robinson, 1984).

The other limitation is the use of self-reported surveying methods. Babbie (2007) shares that, "Surveys cannot measure social action: they can only collect self-reports of recalled past action or of prospective or hypothetical action" (p. 276). In order to address the issue of self-reporting in both Study 2 and Study 3, I attempted to conduct a multi-source assessment by creating separate employee surveys. In the second study, I created an employee survey that was triggered by the employer who agreed to allow his or her employee to participate in the survey. The surveys were designed to measure the employee's perception of their leaders ESCI Leadership traits and Faith at Work. Unfortunately, I did not capture enough responses to move forward with this analysis.

I made a second attempt at the multi-source assessment approach during Study 3. In our original model, we used the faith and shared vision constructs as part of the subsurvey design that was distributed to employees that directly reported to the owner of the business. Unfortunately, only 38 out of 298 business owners (13% response rate) recommended their employees to participate. After four weeks of reminders, we received only 7/83 (8.4% response) employee responses. This was not the response rate that was intended, so the multi-source assessment was canceled.

#### **Future Directions for the Research**

## Faith

In the third study, I used Faith for moderation testing but will test the faith construct as an independent variable for the next study. Several ad-hoc hypotheses were revealed during the third study—see Table 6 which identifies the direct effects of faith on entrepreneurial perseverance and external networking. These relationships will be investigated for future research. Other future directions will focus on the levels of faith, i.e., high levels versus low levels of faith and religious affiliation.

### **Preferential Procurement Programs (PPP)**

In the Conley (2015) manuscript, PPPs were a very strong indicator of how companies overcame obstacles to growing their businesses; however, in the third study, the PPP multi-group test was not significant and, therefore, did not yield the results that I expected. I still believe that PPPs are an important aspect of business growth and provide a conduit to networking, building social capital and access to contracting opportunities. Further testing should be conducted based upon on nascent entrepreneurs versus mature entrepreneurs and high performing versus low performing companies.

Intergroup Contact Theory which stems from Allport's (1954) hypothesis has been influential in identifying situational conditions for intergroup contact to reduce prejudice (Pettigrew, 1998). It has demonstrated its usefulness in applied settings like the distinction between racial desegregation and the integration in schools (Pettigrew, 1975). In this regard, his theory has been tested in classroom and sports settings where it has been shown to reduce prejudice behaviors. Intergroup Contact theory has positive effects in the following four situations: equal group status within the situation; common goals; intergroup cooperation and support of authorities, law, and custom (Pettigrew, 1989). I suggest that when PPPs are structured properly, and Intergroup Contact Theory principles are applied, they will reduce the level of discriminatory business practices. In this regard, I believe that PPPs do open up doors and level the playing field for minorities and women. Blacks and non-minority women suggest that PPPs open up doors and level the playing field also (Conley, 2015). Therefore, I believe that this topic requires further research and can positively affect minority business growth, public policy and academic research in entrepreneurship.

### Conclusion

What I have experienced over my 17 years as the President of my own company and Vice President of my family's company, which is in its 31<sup>st</sup> year in business, is that many Black-owned companies come and go while only a small number stay in business and an even smaller number are passed down to family members to continue the legacy. I wondered why these companies went out of business instead of growing to the level that their CEOs had originally envisioned. I had no idea why our companies continued to stay in business year after year while others faltered and eventually failed. What was the difference?

The all-encompassing goal of this dissertation project was to gain a better understanding of the barriers that Black entrepreneurs encounter and the facilitators of growth. If, in fact, leadership traits make a difference. How does discrimination relate to growth? Does faith play a role? Do PPP's have an association?

What I found was that even high performing Black entrepreneurs encounter adversities. This dissertation provides a lens in which others may better understand Black entrepreneurs, their race-related adversities and its relationship to business growth.

Another very important aspect of this journey is shared vision. "People that are on one accord can make things happen." This requires the leader of an organization to select or groom resources to have the same goals, ambitions, and perseverance necessary to move the company forward. The analogy that I used earlier referred to running a business like a team sport. It is necessary for the team to play offense and defense together with the ultimate goal of either moving the company forward or sustaining a company at the owner's desired level.

Faith emerged and was found to be a strong foundational asset throughout this journey. This takes me back to our old family church that was founded in 1869 by former slaves. One of the favorite hymns was "The Solid Rock" by Ruth C. Jones (1943). One of the verses is to "be very sure...your anchor holds and grips the Solid Rock." As a younger person, I never understood what that meant, but now I see and understand. Faith can be a constant motivator and in the context of business, it can also sustain or move entrepreneurs forward in order to attain their goals—even when confronted with adversities. Study 2 revealed that the sense of God at work provided a support mechanism needed to have a positive view in relation to the importance of growing business, while study three revealed that entrepreneurial perseverance and shared vision together can positively correlate with business growth.

In conclusion, Black entrepreneurship is a very complex topic. There are many factors that contribute to business growth or the lack thereof. While this research project did not measure all factors, it is my hope that this dissertation provides a small contribution to this area of research and provides Black entrepreneurs as well as others with some practical information that might help to reduce the number of companies that fail and increase the number of companies that grow. The ultimate goal of this research is to help our communities and economy by keeping Black businesses open, growing and capable of employing others.

# **Appendix A: Interview Protocol (Study 1)**

## **Interview Questions**

**Introduction (interviewer):** *"Hello (name\_\_\_\_\_). Thank you so much for taking the time to meet with me today. I really appreciate it. Before getting started, there are a couple of things I would like to cover."* 

**Purpose and Format for the Interview (Interviewer):** "As you may know, in addition to my work at (firm name redacted), I am a current student in the Case Western Reserve University Doctor of Management (DM) program. I am interested in developing a greater understanding of minority business growth. I will ask you a series of open-ended questions on this topic, and I will also ask one or more follow-up questions as you respond. The interview will last approximately 60 minutes."

**Confidentiality (Interviewer):** "Everything you share in this interview will be kept in strictest confidence, and your comments will be transcribed anonymously – omitting your name, anyone else you refer to in this interview, as well as the name of your current organization and/or past organizations. Your interview responses will be included with all the other interviews I conduct."

**Audio Taping (Interviewer):** "To help me capture your responses accurately and without being overly distracting by taking notes, I would like to record our conversation with your permission. Again, your responses will be kept confidential. If at any time, you are uncomfortable with this interview, please let me know and I will turn the recorder off."

"Any questions before we begin?"

# Ice-breaker:

 "Please tell me about yourself, i.e. (family/education/spare/time/hobbies/work life)?" Probes:

Can you elaborate on this?

 "Tell me about your role in your company and what a normal day consists of?" Probes: Can you tell me more?

# Core Questions:

- 1. Why did you start your business? Probes:
  - a. Vision?
  - b. Feelings about it?
  - c. Examples

 Please describe a time when you were faced with a major obstacle to growing your business?
 Probasi

Probes:

- a. Explain the obstacle?
- b. How did you feel?
- c. What did you do?
- d. Describe how you overcame the obstacle
- e. How did you keep growing?
- f. Who helped you?
- g. Where did you get advice?
- h. Did you seek additional capital?
- 3. Please describe a major opportunity that allowed you to grow your business? Probes:
  - a. Explain the opportunity?
  - b. How did you feel?
  - c. What did you do?
  - d. Describe how it grew your business?
  - e. Who helped you get the project?
  - f. Where did you get advice?
  - g. Did you seek additional capital?
  - h. Did this experience align with your vision?
  - i. Describe that relationship?
  - j. Describe your financial situation?
  - k. Describe work location and facilities?
  - 1. Did this experience align with your vision?

# Closing

1. Are there any other experiences you would like to share about growing your business?

Probes:

- a. Tell me about the importance of growth to you in your business?
- b. Has your vision changed since start-up? (tell me examples?)
- 2. "Thank you again for taking the time to speak with me today. Just in case I need to clarify any of your responses would it be okay for me to call you again?"

# **Appendix B: Questionnaire (Study 1)**

## **Background Questions**

- 1. What year did you start your business? (month/year)
- 2. Do you have a business model? (yes/no)
- 3. Do you have a business plan? (yes/no)
- 4. Do you have any partners? (yes/no)
- 5. Do you have a mentor? (yes/no)
- 6. Do you have an advisory board? (yes/no)
- 7. Number of employees?
- 8. What NAICS Codes or products/services does your company provide?
- 9. What was your company's annual revenue for 2014? Options: a) < \$1,000,000; b) \$1,000,000 \$4,999,999; c) \$5,000,000 \$10M; d) > \$10M

## 10. What is your client base? (Check all that apply)

Commercial ( ) Federal ( ) State/Local ( )

11. What socio-economic indicators does your company fall within? (Check all that apply)

Participant of the United State Small Business Administration 8(a) Business Development Program [] Disadvantaged Business Enterprise (DBE) [] Economically Disadvantaged Women-Owned Small Business (EDWOSB)

[]

Minority Business Enterprise (MBE) [ ] Women Business Enterprise (WBE) [ ] Historically Underutilized Business Zones (Hub-Zoned) [ ] Service-Disabled Veteran-Owned (SDVO) [ ] Veteran Owned (VO) [ ] None of the above [ ]

			Fatterr	n Matrix <sup>a</sup>				
				Compo				
	0.966	0.954	0.888	0.86	0.925	0.909	0.715	0.667
1.1.00	1	2	3	4	5	6	7	8
Lead_AO3		0.674						
Lead_AD1		0.694				0.710		
Lead_SC1						0.716		
Lead_SC2		0.236				0.746		
Lead_SC3		0.268				0.714		
Lead_SC4		0.230				0.752		
Lead_INF2		0.701						
Lead_INS1		0.730						
Lead_INS2		0.728						
Lead_INS3		0.644				0.267		
Lead_TEA1		0.783						
Lead_TEA2		0.772						
Lead_TEA3		0.836						
Lead_TEA4		0.745						
Lead_CM1		0.916						
Lead_CM2		0.927						
Lead_CM3		0.892						
Lead_CM4		0.873				-0.243		
Faith_2	0.335				0.540			
Faith_5	0.606							
Faith_7					0.820			
Faith_8	0.209				0.820			
Faith_9	0.228				0.795			
Faith_10	0.767							
Faith_11	0.792							
Faith_12	0.828							
Faith_13	0.944							
Faith_14	0.933							
Faith_15	0.957							
Faith_W1	0.931							
 Faith_W2	0.883							
Faith_W3	0.831							
Faith_W4	0.856							
Faith_W5	0.763							
Faith_W6	0.911							
Faith_W7	0.867							
Faith_W8	0.654				0.258			
Faith_W9	0.793							
Faith_NC1	0.918							
Faith_NC2	0.803							
Faith_NC3	0.829							
Faith_NC4	-0.609							
Relation_PC1	-0.009			0.763				
Relation_PC2				0.901				
Relation_PC2				0.901				
Relation_PC3				0.853				
			0.223					
Relation_PE1				0.580				
Relation_SV1			0.667					
Relation_SV2			0.799					
Relation_SV3			0.887					
Relation_SV4			0.803					
Relation_SV5			0.819					
SBG_A1							0.879	
SBG_A2							0.849	
SBG_A3								0.8
SBG_A4			I	1				0.8

# Appendix C. Pattern Matrix (Study 2)

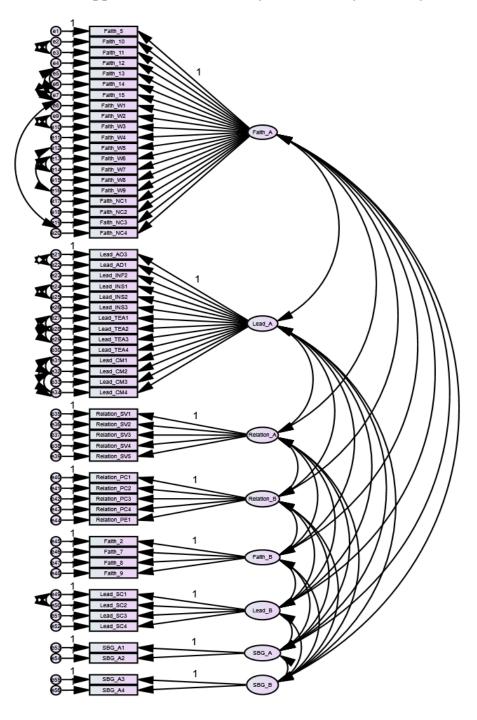
a. Rotation converged in 7 iterations.

Co	mmunalit	
Lead_AO3	1.000	Extraction 0.534
Lead_AD1	1.000	0.522
Lead_SC1	1.000	0.682
Lead_SC2	1.000	0.796
Lead_SC3	1.000	0.782
Lead_SC4	1.000	0.802
Lead_INF2	1.000	0.563
Lead_INS1	1.000	0.650
Lead_INS2	1.000	0.675
Lead_INS3	1.000	0.682
Lead_TEA	1.000	0.688
Lead_TEA	1.000	0.739
Lead_TEA 3	1.000	0.749
Lead_TEA 4	1.000	0.572
Lead_CM1	1.000	0.727
Lead_CM2	1.000	0.737
Lead_CM3	1.000	0.730
Lead_CM4	1.000	0.629
Faith_2	1.000	0.605
Faith_5	1.000	0.377
Faith_7	1.000	0.877
Faith_8	1.000	0.897
Faith_9 Faith_10	1.000	0.662
Faith_11	1.000	0.760
Faith_12	1.000	0.747
Faith_13	1.000	0.783
Faith_14	1.000	0.730
Faith_15	1.000	0.769
Faith_VV1	1.000	0.773
Faith_VV2	1.000	0.818
Faith_VV3	1.000	0.787
Faith_VV4	1.000	0.804
Faith_VV5 Faith_VV6	1.000	0.712
Faith_VV7	1.000	0.800
Faith_VV8	1.000	0.697
Faith_VV9	1.000	0.769
Faith_NC1	1.000	0.805
Faith_NC2	1.000	0.684
Faith_NC3	1.000	0.728
Faith_NC4 Relation_P	1.000	0.396
C1 Relation_P	1.000	0.767
C2 Relation_P	1.000	0.757
C3 Relation_P	1.000	0.652
C4 Relation_P	1.000	0.597
E1 Relation_S	1.000	0.607
V1 Relation_S	1.000	0.610
V2 Relation_S	1.000	0.774
V3 Relation_S	1.000	0.738
V4 Relation_S	1.000	0.747
V5 SBG_A1	1.000	0.770
SBG_A2	1.000	0.743
SBG_A3	1.000	0.691
SBG_A4	1.000	0.777
Extraction N	lethod: Princ	cipal

# Appendix D. Communalities (Study 2)

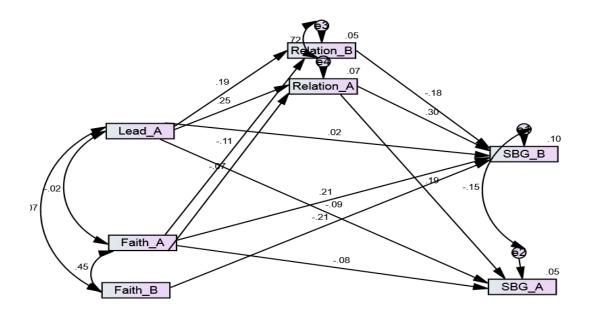
	Total Variance Explained							
							Rotation	
				Extraction Sums of Squared			Sums of Squared	
	Initi	ial Eigenvalu	ies	Extraction	Loadings	oquarca	Loadings <sup>a</sup>	
Componen	Tatal	% of	Cumulative	<b>T</b> - 4 - 1	% of	Cumulative	T - 1 - 1	
t 1	Total 17.154	Variance 30.631	% 30.631	Total 17.154	Variance 30.631	% 30.631	Total 16.294	
2	10.497	18,745	49.376	10.497	18.745	49.376	11.119	
3	4.818	8.604	57.980	4.818	8.604	57.980	6.233	
4	1.762	3.147	61.127	1.762	3.147	61.127	5.283	
5	1.670	2.982	64.109	1.670	2.982	64.109	7.590	
6	1.393	2.487	66.596	1.393	2.487	66.596	6.039	
7	1.343	2.398	68.994	1.343	2.398	68.994	1.837	
8	1.127	2.012	71.006	1.127	2.012	71.006	3.479	
9	1.005	1.795	72.801			-		
10	0.853	1.524	74.325					
11	0.775	1.385	75.709					
12	0.740	1.322	77.031					
13	0.706	1.260	78.291					
14	0.686	1.225	79.516					
15	0.614	1.097	80.613					
16	0.577	1.031	81.643					
17	0.544	0.971	82.615					
18	0.512	0.915	83.529					
19	0.497	0.888	84.417					
20	0.467	0.834	85.252					
21	0.456	0.815	86.067					
22	0.447	0.798	86.866					
23	0.421	0.751	87.617					
24 25	0.409	0.731	88.348 89.057					
25 26	0.397	0.709	89.722					
27	0.373	0.627	90.349					
28	0.343	0.627	90.962					
29	0.322	0.575	91.537					
30	0.308	0.551	92.088					
31	0.285	0.509	92.597					
32	0.275	0.491	93.088					
33	0.258	0.460	93.549					
34	0.252	0.450	93.999					
35	0.240	0.429	94.427					
36	0.227	0.405	94.833					
37	0.215	0.383	95.216					
38	0.211	0.376	95.592					
39	0.199	0.356	95.948					
40	0.188	0.337	96.285					
41	0.184	0.328	96.613					
42	0.180	0.322	96.934					
43	0.176	0.314	97.249					
44	0.162	0.289	97.538					
45	0.159	0.285	97.823					
46	0.150	0.268	98.091					
47	0.146	0.261	98.351					
48	0.133	0.237	98.588					
49 50	0.124	0.222	98.810 99.023					
50 51	0.119	0.212	99.023					
52			99.224					
52 53	0.104	0.186	99.409					
53	0.091	0.162	99.571					
55	0.084	0.131	99.864					
56	0.075	0.142	100.000					
				s		<u> </u>	<u> </u>	
	Extraction Method: Principal Component Analysis.							

# Appendix E. Total Variance Explained (Study 2)



Appendix F: Confirmatory Factor Analysis (Study 2)

Appendix G: SEM Model (Study 2)



Aj	ppendix H:	Constructs	Table	(Study	2)
_				-	

Construct / Dimension	Definition	Items	Response options	SOURCE
Leadership	Emotional Intelligence/Social Intelligence – The extent to which the leader exhibits self- awareness, social awareness, and relationship management skills. Emotional and Social Competency Inventory – University Edition (ESCI- U). Self-Management cluster refers to managing ones' internal states, impulses, and resources. Social Awareness cluster refers to how people handle relationships and awareness of others' feelings, needs, and concerns. Relationship Management cluster concerns the skill or adeptness at inducing desirable responses in others.	26 items that measure 8 dimensions of emotional and social intelligence: dimensioned to be used: (1) Achievement Orientation; (2) Adaptability; (3) Emotional Self Control (4) Influence (5) Inspirational Leadership (6) team work (7) coach mentor	Scoring: 5-point scale with "1" = "strongly disagree and "5" = "strongly agree".	Boyatzis, R.E. & Goleman, D. ESCI-U. Hay Group, Boston, MA. The Scales and Clusters of the Emotional and Social Competency Inventory (ESCI and ESCI-U – the University Version) (Boyatzis and Goleman, 1996, 1999; Boyatzis, Goleman and Hay Acquisition, 2001, 2007) Reliability:
Faith/Prayer Reliance		22 items		
Intellect		How often do you think about religious issues?	Scoring: 5-point Scale with "1" = "never" and "5" = "very often."	Huber, Stefan, and Odilo W. Huber. "The Centrality of Religiosity Scale (CRS)." Religions 3, no. 4 (August 20,
				2012): 710–24. doi:10.3390/rel3030710.
Intellect		How interested are you in learning more about religious topics?		2012): 710–24.
Intellect Intellect				2012): 710–24.
		more about religious topics? How often do you keep yourself informed about religious questions through radio, television, internet,		2012): 710–24.

Construct / Dimension	Definition	Items	Response options	SOURCE
		soul, resurrection of the dead or reincarnation?		
Ideology		In your opinion, how probable is it that a higher power really exists		
Public Practice		How often do you take part in religious services?		
Public Practice		How important is to take part in religious services?		
Public Practice		How important is it for you to be connected to a religious community?		
Private Practice		How often do you pray?		
Private Practice		How important is personal prayer for you?		
Private Practice		How often do you pray spontaneously when inspired by daily situations?		
Experience		How often do you experience situations in which you have the feeling that God or something divine intervenes in your life?		
Experience		How often do you experience situations in which you have the feeling that God or something divine wants to communicate or to reveal something to you?		
Experience		How often do you experience situations in which you have the feeling that God or something divine is present?		
Relationship: Fait Aware	h Work Scale	I sense God's presence when I work	Scoring: 5-point scale with "1" = "never or infrequently" and "5" = "always or frequently."	Lynn, Naughton and VanderVeen, "Justification, Development Validation Measure of Judeo-Christian Religion in the Workplace. Journal of Business Ethics, 2008

Construct / Dimension	Definition	Items	Response options	SOURCE
Relationship: Partnering		I view my work as a partnership with God		
Relationship: Meaningful		I think of my work as having eternal significance		
Relationship: Integrated		I see connections between my worship and work		
Relationship: Coping		My faith helps me deal with difficult work relationships		
Meaning: Called		I view my work as a mission from God		
Meaning: Equipped		I sense that God empowers me to do good things at work		
Meaning: Growing		I believe God wants me and my employees to develop our abilities and talents at work		
Community: Willingness		My employees know I am a person of faith		
Community: Caring		I sacrificially love the people I work with		
Giving: Just		I view my work as part of God's plan to care for the needs of people		
Giving: Stewarding		I view myself as a caretaker not an owner of my money, time and resources		
Religious beliefs regarding business		I pray about difficult business decisions	Scoring: 5-point scale with "1" = "never or infrequently" and "5" = "always or frequently"	Conley developed using the guidelines recommended by Blair et al, 2014
Religious beliefs regarding business		How often do you pray at work		

Construct / Dimension	Definition	Items	Response options	SOURCE
Religious beliefs regarding business		My faith gives me strength to keep going in my business when I experience difficulties		
Religious beliefs	Personal God belief index	God seems to have little or no interest in my business (deleted personal) affairs (reverse-scored)	5-point Likert Scale with "1" = "strongly disagree" to "5"= "strongly agree."	Daughtery, Griebel, Neubert and Park (2013) (adapted)
Affiliation	Religious belonging/affiliation	With what religious family, if any, do you most closely identify?	Check a box from list of religions	Daughtery, Griebel, Neubert and Park (2013)
Relational climate	A relatively stable collective structure that represents the socio-emotional atmosphere that is created and maintained as people interact in a dyadic relationship, team or organization	12 items	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Consulting Psychology Journal. 60(4).298-313; Boyatzis, R.E., Rochford, K. &Taylor, S.N. (in press). The Role of the Positive Emotional Attractor as Vision and Shared Vision: Toward Effective Leadership, Relationships and Engagement. Frontiers in Psychology; and Rochford, Kylie (unpublished paper). Relational climate in the workplace: Dimensions, measurement, and validation
Perceived Compassion	The extent to which members of an organization notice another person as being in need, empathize with him or her, and act to enhance his or her well- being in response to that need.			
Perceived Compassion		Members of my organization are empathetic toward each other		
Perceived Compassion		People in my organization notice when others are in need.		
Perceived Compassion		Members of my organization care about each other's well-being.		
Perceived Compassion		When someone in my organization is in need, my organization takes action to assist them.		

Construct / Dimension	Definition	Items	Response options	SOURCE
Perceived Relational Energy	The extent to which relationships in the organization area source of energy in that they result in feelings of positive arousal, aliveness, and eagerness to act.			
Perceived Relational Energy		The relationships in my organization are a source of energy.		
Perceived Relational Energy		The atmosphere in my organization is vibrant.		
Perceived Relational Energy		Interactions in my organization are lively.		
Perceived Shared Vision	The extent to which member of an organization share a common mental image of a desirable future state that provides a basis for action.			
Perceived Shared Vision		My organization's daily work aligns with our vision.		
Perceived Shared Vision		My organization's purpose is clear.		
Perceived Shared Vision		My organization's actions are guided by a shared vision.		
Perceived Shared Vision		Members of my organization have similar visions of the organization's future		
Perceived Shared Vision		Members of my organization have a shared purpose.		
Small Business Growth	Measured based on financial performance	6 items		Wiklund, Patzelt and Shephard (2009); "Building an integrative model of small business Growth"; Small Business Econ 32:351-374

Construct / Dimension	Definition	Items	Response options	SOURCE
Employment Growth	FTE's	Current number of FTE's, last year's FTE's and number of FTE's from 2 years ago	actual numbers	
Sales Growth	Sales	This year's sales, last year's sales and sales from 2 years ago	actual numbers	
Competitor Perceptions	Sales growth compared to competitors	Has your sales development been more positive or negative than that of your competitors over the past 12 months?	Scoring: 5-point scale: "1" = very negative to "5 = Very positive"	Wiklund, Patzelt and Shephard (2009); "Building an integrative model of small business Growth"; Small Business Econ 32:351-374
Competitor Perceptions	Value of growth compared to competitors	Has the market value of your firm increased or decreased relative to your competitors over the past 12 months?	Scoring: 5-point scale: "1" = "Greatly decreased" to "5" = "Greatly increased"	
Importance of sales growth	Small Business Growth attitudes	How important is it to you that the firm sales increase?	Scoring: 5-point scale "1" = "Not important" to "5" = "Very Important."	
Importance of employment growth	Small Business Growth attitudes	How important is it to you that the firms number of employees increases?		
Company Information	Company details	8 items		Conley developed using the guidelines recommended by Blair et al, 2014
Company identification	Company size	Is your firm considered a small business?	Yes or No	
Company identification	Company classification	Please identify all of your company's socio-economic indicators.	a) Participant of the United State Small Business Administration 8(a) Business Development Program (b) Disadvantaged Business Enterprise (DBE) (c) Economically Disadvantaged Women Owned Small Business (EDWOSB)(d) WOSB (e) Minority Business Enterprise (MBE)(f) Women Business Enterprise (WBE)(g) Historically Underutilized Business Zones (Hub-Zoned)(h) Service- Disabled Veteran Owned (SDVO)(i) Veteran Owned	

i)(VO)(j)None of the above

Construct / Dimension	Definition	Items	Response options	SOURCE
Company identification	Company age?	What year was your company founded?	MM/DD/YYYY	
Company identification	Company location?	Where is your company's headquarters located?	North, West, South, East, Mid- west	
Company identification	Company's client base	What is your client base? (Check all that apply)?	Commercial ()	
	Personal God belief index	God seems to have little or no interest in my business (deleted personal) affairs (reverse-scored)	Federal()	Daughtery, Griebel, Neubert and Park (2013) (adapted)
	Religious belonging/affiliation	With what religious family, if any, do you most closely identify?	State/Local ()	Daughtery, Griebel, Neubert and Park (2013)
Industry Participation	Business Sectors	Please indicate the primary industry of your current business:	a) retail, b) healthcare or social assistance, c) Construction d) transportation/warehousing, e) professional, scientific, technical, f) real-estate, g) administrative support & waste mediation, h) other	
Company composition	Family Business	Do other family members work in your business	Yes or No	
Social Desirability		5 items	Scoring: 5-point scale with "1" = "definitely true" and "5" = "definitely false".	Educational and Psychological Measurement 1989 49: 629 Ron D. Hays, Toshi Hayashi and Anita L. Stewart A Five-Item Measure of Socially Desirable Response Set. The online version of this article can be found at: DOI: 10.1177/001316448904900315
Social Desirability		I am always courteous even to people that are disagreeable		
Social Desirability		There have been occasions when I have took advantage of someone.		
Social Desirability		I sometimes try to get even instead of forgive and forget.		

Construct / Dimension	Definition	Items	Response options	SOURCE
Social Desirability		I sometimes feel resentful when I don't get my way.		
Social Desirability		No matter who I'm talking to I am always a good listener.		

# Appendix I: Constructs Table (Study 3)

	Construct / Dimension	Definition	Items	Response options	SOURCE
Discriminatory Business Practices	4 dimensions		13 items	Scoring: 5-point scale with "1" = "never" and "5" = "very often".	Conley developed using the guidelines recommended by Blair et al, 2014
DBP_A1	Avoidance		How often have other business associates avoided physical contact with you because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_A2	Avoidance		How often have businesses avoided social contact with you and your firm because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_A3	Avoidance		How often have other business associates outside your ethnic group avoided interaction with you because you may dress or speak differently?		Contrada et al. (2001) PEDQ - adapted
DBP_E1	Exclusion		How often have you been denied access to a business opportunity because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_E2	Exclusion		How often have you felt that certain tasks, jobs or projects were off limits or that barriers were erected to keep you from participating		Contrada et al. (2001) PEDQ - adapted
DBP_E3	Exclusion		How often have gatekeepers denied access to decision makers because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_EQ1	Denial of equal treatment		How often have you received unfair treatment from gatekeepers because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_EQ2	Denial of equal treatment		How often have you received unfair treatment from non-minority partners because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_EQ3	Denial of equal treatment		How often have you received unfair treatment from contracting officers or decision makers because of your ethnicity		Contrada et al. (2001) PEDQ - adapted
DBP_D1	Devaluating action		How often have others business associates or team members had low		Contrada et al. (2001) PEDQ - adapted

	Construct / Dimension	Definition	Items	Response options	SOURCE
			expectations of you because of your ethnicity		
DBP_D2	Devaluating action		How often has it been implied or suggested that because of your minority status you <b>or your organization</b> must be unintelligent		Contrada et al. (2001) PEDQ - adapted
DBP_D3	Devaluating action		How often has it been implied or suggested that because of your ethnicity you or your organization must be dishonest		Contrada et al. (2001) PEDQ - adapted
DBP_D4	Devaluating action		How often has it been implied or suggested that because of your ethnicity you <b>or your organization</b> must be lazy?		Contrada et al. (2001) PEDQ - adapted
Item Name		Faith Maturity Scale	5 items	Scoring: 5-point scale with "1" = "never true" and "5" = "always true."	Benson, Peter L., Michael J. Donahue, and Joseph A. Erickson. (1993). "The faith maturity scale: Conceptualization, measurement, and empirical validation." Research in the social scientific study of religion 5(1): 1-26.
FMS_1		Faith Maturity Scale	My faith shapes how I think and act each and every day		
FMS_2		Faith Maturity Scale	My faith helps me know right from wrong		
FMS_3		Faith Maturity Scale	I have a real sense that God is guiding me		
FMS_4		Faith Maturity Scale	My life is filled with meaning and purpose because of my faith		adapted
FMS_5		Faith Maturity Scale	Because of my faith, I am confident that I can overcome any problem or crisis no matter how serious		adapted
Item Name	Preferential Procurement Programs (PPP) participation (4 dimensions)	The extent to which government, private and civic organizations provide programs assist minority/women owned firms	8 Items		National Expert Survey (NES) 2005, adapted (Reynolds et al., 2005) Cronbach Alpha: Over .70
DDDA			Deep your firm participate in PPPo2		

PPP0

Does your firm participate in PPPs?

	Construct / Dimension	Definition	Items	Response options	SOURCE
PPP_L1	Level of participation		Currently, how many Government diversity programs is your firm affiliated with (this includes, Federal, State, Local or City)?	actual number	Conley
PPP_L2	Level of participation		Currently, how many corporate supplier diversity programs is your firm affiliated with?	actual number	Conley
PPP_L3	Level of participation		Currently, how many organizations that promote entrepreneurship is your firm affiliated with?	actual number	Conley
PPP_N1	Network Access (Social Capital) building		PPPs help me develop my business network	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Conley
PPP_N2	Network Access (Social Capital) building		PPPs provide access for business opportunities	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Conley
PPP_N3	Network Access (Social Capital) building		PPPs initiate social interactions with others that I would otherwise not have interactions with.	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Buse, Bernstein and Bilimoria (2016) - adapted
PPP_N4	Network Access (Social Capital) building		PPPs provide me with an opportunity to build relationships with other businesses that I might not normally have access to	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Conley
	External Networking (social capital) - 2 dimensions	In-group vs Outgroup Relationships Networking outside the organization	Individual networking outside the organization <b>(7 items)</b>	Scoring: 5-point scale with "5" = "Very much like me" and "1" = "Not like me at all".	
outgr1			I collaborate with non-minority entrepreneurs on a regular basis		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011) adapted
outgr2			I search for non-minority business partners through business associations, government agencies and civic organizations		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011); adapted Conley

	Construct / Dimension	Definition	Items	Response options	SOURCE
outgr3			I spend significant time with other non- minority entrepreneurs and non-minority potential entrepreneurs sharing business experiences, information, opinions, support and motivation		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011) adapted, Conley
ingr1			I collaborate with minority entrepreneurs on a regular basis		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011) adapted
ingr2			I create business partnerships through established relationship with friends, family, school mates and church members		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011) adapted Conley
ingr3			I search for minority business partners through business associations, government agencies and civic organizations		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011); adapted Conley
ingr4			I spend significant time with other minority entrepreneurs and potential minority entrepreneurs sharing business experiences, information, opinions, support and motivation		Chen, Zou, & Wang (2009) adapted, De Hoyos-Ruperto (2011) adapted, Conley
	Shared Vision	The extent to which member of an organization share a common mental image of a desirable future state that provides a basis for action.	5 items	Scoring: 5-point scale with "1" = "strongly disagree" and "5" = "strongly agree".	Consulting Psychology Journal. 60(4).298-313; Boyatzis, R.E
PSV1	Perceived Shared Vision		My organization's daily work aligns with our vision.		
PSV2	Perceived Shared Vision		My organization's purpose is clear.		
PSV3					
	Perceived Shared Vision		My organization's actions are guided by a shared vision.		
PSV4					

	Construct / Dimension	Definition	Items	Response options	SOURCE
	Growth Intentions	Measure defining growth intentions and acquisition	2 items		
Growth_1			I would like my company to become as large as possible	1 or 0 -> "yes" or "no"	Davis & Shaver (2012); Edelman et al. (2010); (Cronbach's reliability= 0.83)
Growth_2			I would like my company to have a size that I can manage myself or with a few key employees	1 or 0 -> "yes" or "no"	Davis & Shaver (2012); Edelman et al (2010); (Cronbach's reliability= 0.83)
Entrepreneuria	I Self-efficacy	individual's assessment of his/her ability to carry out a task in a successful way	4 items	Scoring: 5-point scale with "1" = "Very much like me" and "5" = "Not like me at all".	Chen, G., Gully, S. & Eden, D. 2001 (adapted from New General Self-efficacy scale (De Hoyos-Ruperto, 2011)
	Employee Growth	Employee growth is measured both perceptual and actual #	5 items		
EMP_P1		perceptions from employer	Over the past three years, the number of employees in my firm has o Decreased by a large amount o Decreased by a small amount o Stayed the same o Increased by a small amount o Increased by a large amount	Scoring: 5-point scale with "1" = "Decreased by a large amount" to "5" = "Increased by a large amount".	Wiklund, Patzelt and Shephard (2009). "Building an integrative model of small business Growth", Small Business Econ 32: 351-374, adapted
EMP_P2		perceptions from employer	I am satisfied with the growth of employees over the past 3 years.	Scoring: 5-point scale with "1" = "Not very satisfied" to "5" = "Very Satisfied".	Wiklund, Patzelt and Shephard (2009). "Building an integrative model of small business Growth", Small Business Econ 32: 351-374, adapted
EMP1		# of employees	# of employees in 2016	actual numbers	Wiklund, Patzelt and Shephard (2009). "Building an integrative model of small business Growth", Small Business Econ 32: 351-374
EMP2		# of employees	# of employees in 2015	actual numbers	
EMP3		# of employees	# of employees in 2014	actual numbers	
	Revenue Growth	Revenue growth is measured both perceptual and actual #	5 items		

	Construct / Dimension	Definition	Items	Response options	SOURCE
REV_P1		perceptions from employer	Over the past three years, the <b>revenue</b> in my firm has o Decreased by a large amount o Decreased by a small amount o Stayed the same o Increased by a small amount o Increased by a large amount	Scoring: 5-point scale with "1" = "Decreased by a large amount" to "5" = "Increased by a large amount".	Wiklund, Patzelt and Shephard (2009). "Building an integrative model of small business Growth", Small Business Econ 32: 351-374, adapted
REV_P2		perceptions from employer	I am satisfied with the growth in <b>revenue</b> in my firm over the past 3 years.	Scoring: 5-point scale with "1" = "Not very satisfied" to "5" = "Very Satisfied".	
REV1		Sales Revenue	Sales Revenue in 2016	actual numbers	Wiklund, Patzelt and Shephard (2009). "Building an integrative model of small business Growth", Small Business Econ 32: 351-374; adapted
REV2		Sales Revenue	Sales Revenue in 2015	actual numbers	
REV3		Sales Revenue	Sales Revenue in 2014	actual numbers	
Item Name	Company	Company information and	18 items		
	Information	details			
comp_age	Company identification	details Company age?	What year was your company founded?	MM/DD/YYYY	
comp_age	Company		What year was your company founded? Where is your company's headquarters located?	MM/DD/YYYY Drop down list of City, States	
	Company identification Company	Company age?	Where is your company's headquarters	Drop down list of City,	

	Construct / Dimension	Definition	ltems	Response options	SOURCE
Entrep_age	Age		What is your date of birth?	date	
Entrep_edu	Education		What is your highest level of education?	Listed options	
	Social Desirability		5 items	Scoring: 5-point scale with "1" = "definitely true" and "5" = "definitely false".	Educational and Psychological Measurement 1989 49: 629 Ron D. Hays, Toshi Hayashi and Anita L. Stewart A Five-Item Measure of Socially Desirable Response Set. The online version of this article can be found at: DOI: 10.1177/001316448904900 315
SD1	Social Desirability		I am always courteous even to people that are disagreeable		
SD2	Social Desirability		There have been occasions when I have taken advantage of someone.		
SD3	Social Desirability		I sometimes try to get even instead of forgive and forget.		
SD4	Social Desirability		I sometimes feel resentful when I don't get my way.		
SD5	Social Desirability		No matter who I'm talking to I am always a good listener.		
Entrepreneuri	al Perseverance	Grit Scale	12 items: Consistency of Interests (6 items) and <b>Perseverance (6 items used)</b>	Scoring: 5-point scale with "1" = "Very much like me" and "5" = "Not like me at all".	Duckworth, A. L., Peterson, C., Matthews, M. D., & Kelly, D. R. (2007). Grit: Perseverance and passion for long-term goals. Journal of Personality and Social Psychology, 92(6), 1087- 1101. http://dx.doi.org/10.1037/00 22-3514.92.6.1087
Item Name			Perseverance of Effort		
Grit 1			I have achieved business goals that took		

Grit\_1

I have achieved business goals that took years of work.

	Construct / Dimension	Definition	Items	Response options	SOURCE
Grit_2			I have overcome setbacks to conquer important challenges that relate to my business.		
Grit_3			I finish whatever I begin for my business		
Grit_4			Setbacks don't discourage me in relation to my business		
Grit_5			I work hard on and in my business		
Grit_6			I am diligent in leading my business		

<b>Appendix J:</b>	Pattern	Matrix	(Study	3)
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			Pa	ttern Matr				
Chronbach				Fac				
's alpha	0.939	0.95	0.902	0.916	0.91	0.796	0.837	0.756
DBP_A1	0.629							
DBP_A2	0.696							
DBP_E1	0.753							
DBP_E2	0.791							
DBP_E3	0.893							
DBP_EQ1	0.892							
DBP_EQ2	0.849							
DBP_EQ3	0.885							
DBP_D3	0.701							
DBP_D4	0.709							
EMP_P1						0.639		
EMP_P2						0.676		
REV_P1						0.720		
REV_P2						0.763		
PSV_1				0.684				
PSV_2				0.775				
PSV 3				0.854				
PSV_4				0.900				
PSV_5				0.891				
FMS_1		0.871						
FMS_2		0.871						
FMS_3		0.912						
FMS_4		0.930						
FMS_5		0.937						
OUTGRP_								0.636
OUTGRP_								0.687
OUTGRP_								0.752
INGRP_1							0.708	
INGRP_3							0.683	
INGRP_4							0.949	
PPP_N1					0.841			
PPP_N2					0.806			
PPP_N3					0.821			
PPP_N4					0.888			
GRIT_1			0.713					
GRIT_2			0.790					
GRIT_3			0.728					
GRIT_4			0.691					
GRIT_5			0.918					
GRIT_6			0.905					
Extraction M	ethod: Princ	ipal Axis Fac	ctoring.			· · · ·	·	

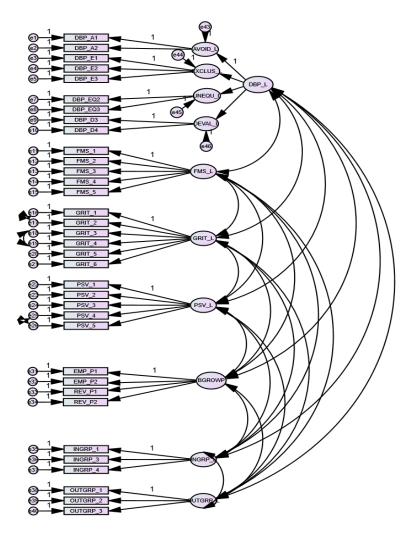
a. Rotation converged in 6 iterations.

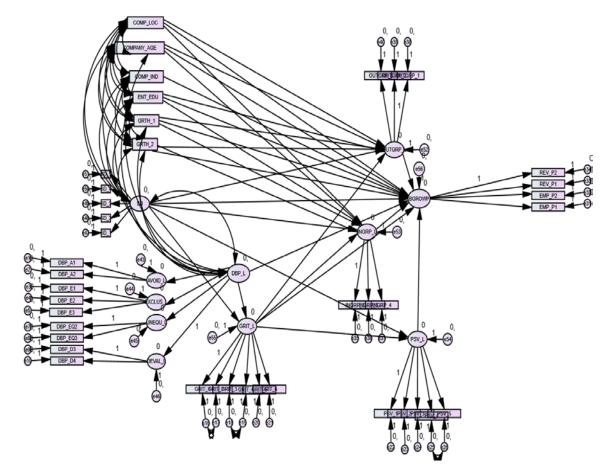
## Appendix K: Communalities (Study 3)

0	mmunalities Initial	Extraction
DBP A1	.637	.471
DBP_A1	.684	
DBP_A2 DBP_E1	.668	.534
DBP_E1		.602
	.657	.619
DBP_E3	.825	.783
DBP_EQ1	.818	.785
DBP_EQ2	.714	.705
DBP_EQ3	.801	.767
DBP_D3	.782	.549
DBP_D4	.780	.565
EMP_P1	.482	.420
EMP_P2	.554	.491
REV_P1	.543	.500
REV_P2	.604	.617
PSV_1	.740	.694
PSV_2	.711	.678
PSV_3	.737	.731
PSV_4	.791	.753
PSV_5	.796	.752
FMS_1	.789	.775
FMS_2	.830	.772
FMS_3	.853	.842
FMS_4	.894	.894
FMS_5	.870	.873
OUTGRP_1	.426	.444
OUTGRP_2	.473	.481
OUTGRP_3	.566	.680
INGRP_1	.714	.659
INGRP_3	.628	.560
INGRP_4	.755	.913
PPP_N1	.749	.772
PPP_N2	.716	.697
PPP_N3	.704	.681
PPP_N4	.766	.771
GRIT_1 GRIT_2	.746	.663
GRIT_2	.728	.632
GRIT_3	.603	.540
GRIT_4	.682	.612
GRIT_5	.873	.802
GRIT 6	.882	.823

Factoring.

# Appendix L: CFA (Study 3)





## Appendix M: Causal Latent Model (Study 3)

### Appendix N: Mean, Standard Deviations, Number of Variables, Cronbach's Alphas and Factor Correlations (Study 3)

Mean, Stan	dard Dev	iation, Nu	mber of V	ariables,	Cronbac	h's Alpha'	's Factor	and			
Variable	М	SD	# of items	DBP	FMS	GRIT	PSV	PPP	BGP	Ingroup	Outgroup
Discriminatory Business Practices (DBP)	2.702	0.319	10	0.939							
Faith Maturity (FMS	4.405	0.024	5	0.031	0.950						
GRIT	4.403	0.217	6	-0.098	0.183	0.902					
Percieved Shared Vision (PSV)	4.211	0.148	5	-0.107	0.333	0.475	0.916				
Preferential Procurment Participation (PPP)	3.6	0.316	4	-0.100	0.100	0.393	0.242	0.910			
Business Growth Perceptions (BGP)	3.082	0.316	4	-0.206	0.041	0.231	0.216	0.186	0.796		
Ingroup	3.679	0.063	3	0.077	0.356	0.183	0.213	0.245	0.066	0.837	
Outgroup	3.584	0.417	3	0.005	0.262	0.184	0.249	0.212	0.173	0.479	0.756

	<u>Chi-square</u>		df	p-val	Invariant?	
Overall Model						Step 1. provide chi-square and df for
Unconstrained	1052	2.228	701			unconstrained and constrained models, and provide the number of groups. The thresholds
Fully constrained	1203	3.053	742			(green cells) will be updated automatically.
Number of groups			2			(6
Difference	ence 150.825		41	0.000	NO	Groups are different at the model level. Check
Chi-square Thresholds						path differences.
90% Confidence	105	54.93	702			
Difference	2.71		1	0.100		Any chi-square more than the threshold (Green
95% Confidence	105	56.07	702			Cells) will be variant for a path by path
Difference	3.84		1	0.050		analysis. This is only applicable to models where you are changing one path at a time (i.e.,
99% Confidence	105	58.86	702			have a difference of one degree of freedom)
Difference	6.63		1	0.010		,

# Appendix O: Chi-Square Difference Test for Common Method Bias (Study 3)

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