African-American Entrepreneurs Essay, Research Paper

African-American Entrepreneurship

In a comparative light there seems to be significant problems, or obstacles, for African-American entrepreneurs. These problems are categorized by environmental factors, opportunity factors, and issues related to capital. The purpose of this paper is to provide sociological, and economical insight to the plight of African-American entrepreneurs. There is an effort to trace the development of African-American entrepreneurship throughout American history, in the post-reconstruction era to the present, in relationship to social conditions of discrimination. Uniquely, African-American entrepreneurs are involved in the affirmation of a paradox of American ideology. African-American entrepreneurs, in pursuit of the American dream, have been taught to stress individual success where what is needed is communal solidarity to foster access to the things that they have been categorically denied. A high concentration of African-American entrepreneurs are focused in the service economy. Although these jobs provide viable services and profit for many individuals they are not high profit occupations. This accounts for an African-American presence in entrepreneurship without a high market share. The reasoning for this can partially explained by the Great Migration, a period lasting from 1900-1930 in which millions of African-Americans migrated from the South to Northern cities.1 Upon arrival in the North African-Americans faced entrepreneurial opportunity and already established European communities. With the arrival of these masses of African-Americans came radical changes in the moderate status of race relations in the North. In Cleveland, the influx of African Americans prompted white fears over residential encroachment and occupational competition, resulting in `a sharp rise in racial tensions and an increase in institutional discrimination. 2 This cause a transformation of the services that already existing African-American entrepreneurs were providing. The newly racialized environment now regulated African-American businesses to serving only African-Americans. A practical example of this assertion is found in an examination of the occupation of undertaking. Undertaking was perhaps the most exclusive protected market available to African-American entrepreneurs in the early twentieth century. 3 Due to the changing climate in race relations in Northern cities there were no longer white undertakers who would even touch black bodies. There were also cultural specificities that African-American entrepreneurs engaged in the funeral process had to respect. As a result, African-Americans became over represented in the field of undertaking (Table 1.1) in the years following the Great Migration. Again, it is important to recognize that most opportunities for African-American entrepreneurs were similar to this one in that they were market specific service economy oriented. In short, changes in the ethnic compositions of (N)orthern cities in the early twentieth century made it difficult for African Americans to establish an economic interface in entrepreneurial occupations during the crucial period of their initial migration to these cities. The lack of such an interface may have set African Americans on a course of economic disadvantage for the rest of the twentieth century. 4 An important piece in shaping this model of economic disadvantage is the pervasiveness of white supremacist theory in the dominant society of the time.5 The common belief of the inherent inferiority of blacks limited their entrance into the entrepreneurial economy, even in the North. One economist when speaking of the disadvantage of trying to create an African-American owned business in a white supremacist environment goes further to say that, This disadvantage, moreover, continues to inhibit the entry of African Americans into entrepreneurial occupations. 6 Common historic methodology suggests that there can be no examination of the economic position of African-Americans without relationship to the church. The institution of the church in post-emancipation America is the single most important institution in African-American history. Interestingly enough there is a sect of Christianity that is peculiarly similar to Protestantism, except it is regulated to African-Americans. A Protestant model will be employed in this exposition of the church of Father Divine. The Father Divine Peace Mission Movement was centered in the New York area in the period of the Great Depression. Father Divine and twelve of his angels set up an employment agency in which the angels would hire out their services as domestic workers. Father Divine offered free dinners at his church in which he enlisted members. However, The growth of membership in the Peace Mission Movement during the Depression outstripped Father Divine s capacity to place his converts in domestic employment. Self-employment provided a practical remedy for Divine s supply problem. . . 7 In this respect the Church of Father Divine is similar to Protestantism8 in creating a community with a propensity for entrepreneurship. God was regulated away from the individual, for in the Father Divine s sect he was God. The rationalization of profit maximization was made evident in hymns like, If you love Him [God], get a job and go to work. 9 The Peace Movement was responsible for an African-American entrepreneurial boom in the midst of the Depression. The center of this boom was Harlem, Manhattan. The most abundant category of entrepreneurial endeavors was restaurants. . . .twenty five restaurants in Harlem made a significant contribution to the relief of misery in the Depression. . .restaurants sold thousands of wholesome ten-cent meals to the unemployed. 10 In order to foster African-American entrepreneurship the Peace Mission Movement . . .was selective in recruitment. . .demanded a complete change of life and enforced this demand with public scrutiny. . .isolated members from the `world and forced them to proclaim the public stigma of their affiliation. Ethically disciplined deviance resulted. This model of the Mission Movement is comparative to Protestantism where members of the religion were forced into solidarity by religious affiliation, isolated from the dominant society, and rationalized profit with a positive relationship to God. The result of the spread of Protestantism was also disciplined deviance. The Father Divine Peace Mission Movement was responsible for enabling many African-American entrepreneurs in spite of the depression.11 As one sociologist noted, however, `an ideology together with an organization can do things which individual entrepreneurship among Negroes cannot achieve. 12 This is perhaps due to the contradiction in the stress of individuality in American entrepreneurship and its relationship to the communal foundations in religion. In Protestantism it is brotherly love, and in The Peace Mission Movement it is cooperation. Both stress a certain sense of interdependency and communal solidarity that is based on common faith. Necessary to understanding the plight of the African-American entrepreneur is the relationship of the entrepreneur to the society. Until as recent as thirty years ago the African-American was excluded, in a legal and non-legal manor, from; jobs, labor unions, country clubs, and access to capital and credit institutions.13 Therefore, the American landscape was not conducive to fostering successful African-American entrepreneurs until the mid to late nineteen sixties. In effect, widespread African-American entrepreneurship is a new phenomenon. Due to the environment of discrimination, Things did not begin to change on a noticeable scale until the late 1970s and early 1980s. . .the seeds of the current diversification and growing capacity of black businesses can be traced in part to local, state and federal procurement opportunities. 14 This period is characterized by a the invention and implementation of affirmative action practices. Between 1977 and 1982, black-owned businesses grew by 46.7 percent. 15 (Table 2.1) Although these may seem like unprecedented gains African-American participation in the entrepreneurial market as a whole only accounted for 3.1 percent of all US firms and 1 percent of all receipts. There is also no causal relationship, although popularly accepted, between minority ownership and small-business failure.16 In fact, the reason why there are less African-American business and more