

# Urban Locations of Eminent Black Entrepreneurs in the United States

Robert L. Boyd

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## Abstract

Extraordinarily successful Black entrepreneurs have received relatively little attention in the literature on Black socioeconomic progress in the US. The present study fills this gap by identifying the urban centres that have been the main locations of Black entrepreneurs who have been classified by scholars as ‘eminent’. Biographical data from highly regarded encyclopaedic sources show that these entrepreneurs have concentrated in a small number of urban centres and have a skewed spatial distribution that resembles the famous ‘Pareto curve’. These data also indicate that, over most of the 20th century, Black communities in the urban South produced a disproportionate share of the Black Americans whose business successes have been nationally recognised. However, the data suggest that, by the end of the century, the largest metropolitan areas outside the South—Chicago, New York and Los Angeles—were becoming the primary locations of eminent Black entrepreneurs in the US.

## Introduction

Successful Black entrepreneurs have long been active and visible members of urban Black communities in the United States. These men and women have provided important goods and services to Black consumers and have lent invaluable financial and social support to the self-help organisations and mutual aid societies founded by Blacks (Butler, 1991). The most prominent of these entrepreneurs have, furthermore, occupied a

conspicuous position at the top of the Black social-class structure, sharing this place with Black Americans who have distinguished themselves in the professions of law, medicine and the ministry, as well as in public service, education and social work, among other endeavours. Yet, astonishingly little is known about highly successful Black entrepreneurs. In spite of their laudable accomplishments and significant contributions, they have been largely overlooked by sociologists and other social scientists, who have focused mainly on

**Robert L. Boyd** is in the Department of Sociology, Mississippi State University, 207 Bowen Hall, Hardy Road, Mississippi State, Mississippi, 39762-5503, USA. E-mail: [boyd@soc.msstate.edu](mailto:boyd@soc.msstate.edu).

the growth of a Black middle class, analysing, for example, the progress of Black employees in White-dominated corporations and government agencies.

The present investigation will add to knowledge on Black entrepreneurial success by identifying the US metropolitan areas that have been the primary business locations of Black entrepreneurs who, for reasons discussed later, have been recognised at a national level for their business achievements. The study is motivated in part by sociological and geographical interest in the influence of the urban context on ethnic minority enterprise. Research in the US, for instance, shows that a metropolitan area's Black population significantly increases the number of local Black entrepreneurs because Black consumers provide these entrepreneurs—especially those in personal services, such as hairdressing—with an exploitable co-ethnic market (see, for example, Boyd, 1991). Similarly, studies in the UK find that urban neighbourhoods with 'substantial Black populations' offer Black immigrants from the Caribbean their best opportunities for entrepreneurship, particularly in personal services. These studies, in fact, suggest that, in several respects, "the business experience of Afro-Caribbeans reveals a clear echo of the experience of American Blacks" (Waldinger *et al.*, 1990, p. 110). Afro-Caribbean entrepreneurs, similar to their Black American counterparts, have had limited success in starting businesses (in the retail trade, for example) that serve consumers beyond the local co-ethnic community, in part because of restricted access to financing, which has been attributed to racial discrimination by White bankers (Blaschke *et al.*, 1990, p. 88). Afro-Caribbean entrepreneurs in the UK, like their Black American counterparts in the US, have also found it difficult to occupy prime locations in business districts in which the larger and better-financed enterprises of White and Asian immigrant entrepreneurs

operate (Waldinger *et al.*, 1990, p. 111). As a consequence of these common difficulties, Afro-Caribbean entrepreneurs in the UK and Black American entrepreneurs in the US have been concentrated in small establishments in personal services and have depended heavily on a residentially segregated, co-ethnic clientele (Waldinger *et al.*, 1990, p. 110).

The present study is also motivated by the concern of social scientists and historians with regional patterns of Black entrepreneurship in the US. The literature review that follows implies that Black entrepreneurial success has two geographical patterns. One, dubbed the 'southern advantage' pattern, is based on reports that southern cities were the birthplaces of a venerable tradition of Black entrepreneurs who succeeded by 'taking advantage of the disadvantages' of racism in the region. The other, called the 'Black metropolis' pattern, is based on accounts that the large and relatively prosperous Black populations that arose in major northern cities after the 'great Black migration' of the 20th century energised the efforts of the Blacks who sought to create economically self-sufficient communities through business enterprise.

Surprisingly, we do not know which pattern best describes the urban locations of highly successful Black entrepreneurs. This is because little research in sociology, or in other social sciences, has examined these locations. It appears, in fact, that many scholars simply assume that successful Black entrepreneurs have been disproportionately located in the nation's largest urban centres, notably, New York and Chicago, which have vibrant Black communities and well-deserved reputations as places of Black socioeconomic advancement. Such an assumption—which tallies with the 'Black metropolis' pattern—would be quite reasonable. Big cities often attract and nurture the most talented and ambitious people, and they frequently support the norms, values and institutions that, over time,

generate a critical mass of superior achievers (for example, see Hawley, 1972; Murray, 2003, pp. 355–361; Ogburn and Duncan, 1964).

Yet, literature on the ‘southern advantage’ pattern suggests that small to mid-sized urban centres in the South—notably, New Orleans, Atlanta and Durham, North Carolina—have also been prominent locations of successful Black entrepreneurs. Unfortunately, though, this literature is rarely cited in sociological studies of Black entrepreneurship, in part because these studies are preoccupied with large northern cities (Trotter, 1995). For example, Drake and Cayton’s (1962) analysis of the Black business district of pre-war Chicago is routinely mentioned in sociological discussions of Black entrepreneurship (for example, Massey and Denton, 1993, pp. 115–116), but with a few notable exceptions (for example, Butler, 1991), southern cities have been ignored in these discussions.

A goal of the present study, then, is to address the question, ‘Which geographical pattern—‘southern advantage’ or ‘Black metropolis’—best describes the locations of highly successful Black entrepreneurs?’. The answer will not only increase our understanding of regional differences in the socioeconomic achievement of Blacks; it will also inform a sociological debate over whether Blacks in the US have a tradition of entrepreneurship. On one side of this debate is the argument that Blacks have failed to develop such a tradition for various reasons, including: lack of opportunities to gain business experience because of slavery and intense racism; the absence of cultural institutions, such as ‘rotating credit associations,’ that can generate business start-up capital in the face of lending discrimination by banks; and a dearth of business ‘success symbols’ that could inspire self-employment among those confronted with discrimination (Light, 1972, pp. 20–23). On the other side is the claim that a segment of the Black population in the South developed a tradition of entrepreneurship and self-help in response

to exclusion from the economic mainstream (Butler, 1991, p. 234). This side of the debate asserts that a small class of southern Blacks reacted to racial oppression by building economic and social institutions in the Black communities of many southern cities, such as those mentioned earlier. While the present investigation cannot directly engage this debate, it can offer relevant insights. In particular, evidence in support of the ‘southern advantage’ pattern would be in line with the notion that Blacks in the South did have a tradition of entrepreneurship that was anchored in the Black neighbourhoods of southern cities.

### The ‘Southern Advantage’ Pattern

Most Black entrepreneurs in the *antebellum* South served Whites in lowly trades and service occupations (Ingham, 2003). Yet, a few managed to establish substantial businesses in merchandising, real estate speculation, commission brokerage and sugar and cotton planting (Walker, 1986). The most prosperous of these entrepreneurs were in New Orleans (Walker, 1986), where several members of the Black business community “could boast of fortunes that were not far below the levels accumulated by the richest White families” (Ingham, 2003, p. 645). By and large, though, the prospects for Black enterprise in the South before and immediately after the Civil War were severely limited by numerous obstacles, the most obvious ones being the legacy of slavery and the intense discrimination and economic destitution of the Reconstruction Era (Bates, 1973, pp. 7–8).

Nonetheless, in the late 19th and early 20th centuries, many Black leaders—most notably, Booker T. Washington, founder of the Negro Business League—argued that the South had the best environment for Black entrepreneurship. These leaders claimed that the exceptionally strict segregation of the races in the region created an “economic shelter”

for some Black businesses (Myrdal, 1944, p. 794). They also asserted that Black entrepreneurs could “take advantage of the disadvantages” of racial oppression by selling goods and services to the South’s burgeoning yet circumscribed Black population (Higgs, 1977, pp. 90–93; Meier and Rudwick, 1976, p. 252). For example, Washington declared, “the Negro is at his best in the South” (quoted in Marks, 1989, p. 173) and, “it is in the South that the Negro is given a man’s chance in the commercial world” (quoted in Higgs, 1976, p. 155).

Washington’s vision of business success was bolstered by the urbanisation of the South’s Black population in the late 19th century, which set the stage for the rise of Black commercial districts (that is, clusters of Black-owned businesses) in the Black neighbourhoods many southern cities (Higgs, 1977, pp. 33–34). Black entrepreneurs in these cities could now make a living by providing goods and services to other Blacks, who, despite meagre earnings, “collectively formed a sizeable market” in the segregated Black neighbourhoods of the urban South (Ingham, 2003, p. 639). These entrepreneurs, many of whom had been slaves, opened a variety of enterprises, including grocery stores, eating-and-drinking places, billiard halls, barber-shops, beauty parlours and funeral homes. They rarely faced competition from White entrepreneurs, who generally refused to operate in Black neighbourhoods (Ingham, 2003, p. 639). Thus, by the end of the 19th century, a “growing number” of Black proprietors in southern cities had “achieved a degree of economic security” and a few had even “amassed considerable wealth by serving the needs” of Black consumers (Rabinowitz, 1980, pp. 84, 87).

A particularly significant outcome was the establishment of relatively large and profitable Black-owned businesses in banking, insurance, real estate and newspaper publishing. These enterprises economically stabilised

the fledgling Black commercial districts of southern cities by creating White-collar jobs for Blacks, circulating financial capital within the Black community and drawing the practices of Black physicians, dentists and attorneys into the focal points of these districts (Ingham, 2003, pp. 664–665). By the end of the 19th century, Black commercial districts were thriving in Atlanta, Birmingham, Durham, Memphis, Nashville and Richmond, among other southern cities (Ingham, 2003; see also Butler and Wilson, 1988; Wilson, 1975). Among these cities, Durham, North Carolina, stood out. It was called “the capital of the Black Middle Class” by sociologist E. Franklin Frazier in the 1920s because its vibrant Black business district included some of the largest and most successful Black-owned insurance companies in the nation at the time (Meier and Rudwick, 1976, p. 252).

The founders of these commercial districts were upwardly mobile Black entrepreneurs who “increasingly sought to build a community of their own ... within the walls created by segregation and discrimination” (Higgs, 1977, p. 90). To this end, they enthusiastically embraced Washington’s argument that through self-help, racial solidarity and entrepreneurship, Blacks could create a separate “group economy” in the South (Higgs, 1977, pp. 90–93; Meier and Rudwick, 1976, p. 252). This group economy was envisioned as a system of interrelated Black-owned businesses that employed Black workers and was supported by Black consumers, existing independently of the economic mainstream of the larger, White-dominated society (Waldinger and Aldrich, 1990, p. 59).

Thus, by the turn of the 20th century, successful Black entrepreneurs could be found in several major southern cities and, consistent with Washington’s claim of ‘southern advantage’, the urban South was widely regarded as the stronghold of Black enterprise in American society. Yet, after World War I,

large northern cities began to rise as nationally prominent centres of Black commerce. For the most part, this was a result of the 'Great Migration' of southern Blacks to these cities.

### The 'Black Metropolis' Pattern

Over six million Blacks left the South between 1910 and 1970 (Farley and Allen, 1987, p. 113), an exodus comparable in magnitude "to the great international migrations in all of history" (Sowell, 1981, p. 211). Seeking better economic and social conditions, most of the migrants went to the major industrial cities of the North, such as Chicago, New York and Philadelphia (Farley and Allen, 1987, pp. 114–115; Marks, 1989, pp. 1–3). A significant though smaller number moved to big cities on the West Coast, most notably Los Angeles and Oakland (Light, 1972, p. 101, citing Florant, 1942).

The mass in-migrations of southern Blacks dramatically increased the size and visibility of the Black populations of northern cities and, consequently, Blacks were increasingly perceived by Whites in these cities as competitors for jobs, housing and other resources. Hostility and discrimination against Blacks, therefore, intensified, reaching unprecedented levels by the 1920s (Boyd, 1998, p. 597, citing Kusmer, 1976, Osofsky, 1966, Spear, 1967, and Sowell, 1981). This worsening of race relations was, moreover, reflected in the growing spatial separation of Blacks from Whites (Boyd, 1998, p. 597, citing Lieberson, 1980). For example, in Chicago, the Black population increased from 30 150 in 1900 to 233 903 in 1930. During this time, the average Black resident of the city went from living in a neighbourhood that was only about 10 per cent Black to one that was over 70 per cent Black (Boyd, 1998, p. 602). Similar trends were observed in other northern cities that attracted large numbers of migrants, such as New York, Philadelphia, Detroit and Cleveland (Massey and Denton, 1993, p. 24).

However, Chicago and the other industrial cities of the Midwest, notably, Cleveland and Detroit, had the highest levels of Black residential segregation (Farley and Allen, 1987, p. 143). Blacks in the urban North thus became increasingly isolated from the economic and social functions associated with residence, including employment as well as "schools, community participation, local organisations, and local government services" (Lieberson, 1980, p. 258).

By the 1930s, the residential segregation of Blacks was far greater than that of any other ethnic group in northern cities. The immigrant groups from Europe were also segregated from the dominant native-born White population during this time. Yet, the homogeneous immigrant neighbourhood of the urban North—for example, 'Little Italy'—usually contained only a small portion of the population of a particular immigrant group and was a "fleeting, transitory stage in the process of immigrant assimilation" (Massey and Denton, 1993, p. 33). The Black neighbourhoods of northern cities, in contrast, contained almost the entire Black population. Case in point: 93 per cent of all Blacks in Chicago lived inside the 'Black belt' of the city's South Side (Massey and Denton, 1993, p. 33). Furthermore, by the end of the decade, the "black ghetto" was "a permanent feature of Black residential life" in the urban North (Massey and Denton, 1993, p. 33).

The large and segregated Black communities that were created in northern cities by the migration, however, provided a foundation for those Black entrepreneurs who served the demands of a growing market of Black consumers who, while more prosperous than their counterparts in the less industrialised South, were nonetheless socially and spatially restricted by racism (Massey and Denton, 1993, pp. 115–116). These entrepreneurs—most of whom were southern migrants themselves—concentrated into occupations

that depended on Whites' desires to avoid Blacks, such as undertaking and real estate, or on the unique demands of a Black clientele, such as hairdressing and beauty culture. Many also served Blacks in banking, insurance and newspaper or book publishing, establishing large and profitable businesses in these fields in northern cities during the 'fat years' of the 1920s (Boyd, 1999). The Black-owned businesses that benefited the most from the residential segregation of Blacks (as indicated by the rate of Black participation in such businesses) were those in personal services that involved intimate contact between the provider and consumer, notably barbering and hairdressing. Black entrepreneurs had a virtual monopoly in this area of commerce. Black entrepreneurs in the retail trade and in insurance also benefited from Black residential segregation during this time, but to a lesser extent than did their counterparts in personal services, perhaps because of competition from White-owned retailers and insurance providers (Boyd, 1998, 2008).

Nowhere was the growth of Black enterprise more visible than in Chicago. In 1900, the local Black consumer market was miniscule, dispersed and thus, "relatively unimportant" to the city's 500 or so Black entrepreneurs (Drake and Cayton, 1962, p. 434). However, as the Black population of the South Side of the city swelled during the migration, "the purchasing power of several hundred thousand people solidly massed in one compact community" created a "Negro market" that supported a burgeoning district of nearly 2500 Black-owned establishments by 1937 (Drake and Cayton, 1962, p. 434).

The Black entrepreneurs who dominated these emerging Black business districts in northern cities were mostly southerners who subscribed to the ideology of self-help, racial loyalty and business enterprise that was, as noted earlier, popular in the South (Meier and Rudwick, 1976, p. 252; see also Butler, 1991,

pp. 234–244). Their vision of an autarchical Black community was energised by the 'great migration'. The "large, compact, and highly segregated ghetto" of the North was, to them, "a city within a city" that could sustain a "parallel economy" of Black entrepreneurs and the "vibrant culture" of the confident and assertive "New Negroes" (Massey and Denton, 1993, p. 115; see also Sowell, 1981, p. 215). As these "upwardly mobile" business owners replaced the indigenous 'old settlers' at the 'top stratum of Black society', the idea gained currency that the rise of Black commercial districts in Chicago, New York and other northern cities promised economic and political autonomy from Whites. This was the 'dream of Black metropolis' (Meier and Rudwick, 1976, p. 252; see also Gregory, 2005, ch. 4; Massey and Denton, 1993, pp. 115–116).

The massive commercial failures of the Great Depression temporarily undermined the 'dream of Black metropolis', and the notion of the 'group economy' never regained its earlier popularity (Boyd, 1999). However, the national mobilisation for World War II and the economic recovery of the post-war era revived the socioeconomic progress of Blacks in northern cities and, accordingly, the 'great migration' resumed, growing to historical proportions in the 1940s, 1950s and 1960s (Sowell, 1981, pp. 211, 215). As northern Black entrepreneurs became increasingly successful during this time, the claim of 'southern advantage' was assailed by critics as a "myth" of an old "Black bourgeoisie" that had a vested interest in the *status quo* of racial segregation (Frazier, 1957, p. 163).

## Analytical Strategy

The analysis seeks to ascertain which of these patterns—'southern advantage' or 'black metropolis'—best describes the spatial distribution in the US of those Black entrepreneurs who have been recognised as nationally successful by scholars who have studied the

experiences of Blacks in the US economy (Ingham and Feldman, 1994; Walker, 1999). These entrepreneurs have been identified by historians (for example, Walker, 1986) and sociologists (for example, Butler, 1991) who have documented superior achievements by Blacks in the business world from colonial times to the late 20th century. They have also been identified in recent publications in reputable trade and business-oriented magazines, such as *Forbes* and *Black Enterprise* (Walker, 1999, pp. xiii–xv).

Variation in two measures will be analysed: the number of eminent Black entrepreneurs in a metropolitan area; and, the number of eminent Black entrepreneurs per 100 000 Black residents of metropolitan areas, a measure that takes account of intermetropolitan differences in the size of the Black population. Metropolitan areas (that is, central cities and their hinterlands) are analysed because they approximate the spatial arenas of commercial activity, where most people in an urbanised society live and work (Thompson, 1965, pp. 44–51).

## Data Sources

The data are from two renowned encyclopaedic sources of biographical information. These sources were used to construct a dataset (available on request) of 173 eminent Black entrepreneurs. The earliest of these entrepreneurs were born in the mid- to late 1700s and the most recent were born in the late 1950s. The primary source is *African American Business Leaders: A Biographical Dictionary*, edited by John N. Ingham, a noted historian, and Lynne B. Feldman, an independent scholar. A highly selective collection of “comprehensive biographical and bibliographical information” on “the historically most significant Black business leaders from the early days in America until the present time”, it covers 123 individuals in 77 entries, “clustered in the period from 1880 to World War II”

(Ingham and Feldman, 1994, pp. vii–viii). A particularly useful feature of this source for the present study is that “its most complete listings” of eminent Black entrepreneurs are for a “broad range of southern cities”, in addition to major northern and western cities (Ingham and Feldman, 1994, p. viii).

However, *African American Business Leaders*, like all sources of biographical data on the élite segment of the population, has weaknesses, which the editors acknowledge, stating that, “due to constraints of time and money ... some deserving individuals were inevitably left out of this collection” (Ingham and Feldman, 1994, p. viii). Thus, to reduce the possibility of any serious omissions, a second source is used, the *Encyclopedia of African American Business History*, edited by Juliet E. K. Walker (1999), an acclaimed historian of *antebellum* Black entrepreneurship. This source contains “information on the African American business experience from the 1600s to the 1990s”, including “biographies of Black businesspeople” (Walker, 1999, p. xi). These biographies provide data on 116 persons and are comparable with those of *African American Business Leaders*. Of these 116 persons, 18 were excluded—two who were based mainly in West Africa and 16 who were not entrepreneurs, including four academics, two attorneys, a public official, a politician, four religious leaders, a scientist and three social activists. Of the remaining 98 persons, 48 were among the 123 from *African American Business Leaders*. Therefore, the *Encyclopedia* yielded 50 eminent Black entrepreneurs.

These data show that successful Black entrepreneurs have engaged in a broad range of endeavours, including services and retailing. However, these entrepreneurs have clustered in the following pursuits: finance, insurance and real estate; newspaper and book publishing; and construction and manufacturing (Ingham and Feldman, 1994, pp. 731–734).

The potential limitations of the data should be kept in mind. In general, “there is no purely objective basis” for the inclusion or exclusion of an individual biography from an encyclopaedic source, and, hence, data from such sources often “are of less than precise validity” (Lieberson and Carter, 1979, p. 348). The entrepreneurs analysed here were selected on the basis of the editors’ subjective judgements of business accomplishments rather than on the basis of a rigorous evaluation of quantitative information on profits, net worth or number of employees. The findings of the analysis could thus be characterised as suggestive rather than definitive. Yet, the well-established reputations of these editors should increase our confidence in the validity and reliability of the data. Moreover, while the number of cases is relatively small, sociologists have persuasively argued that a study of “small numbers” of “exceptionally successful” minority individuals who are listed in encyclopaedic sources can “tell us much about the entire group and the forces impinging upon it” (Lieberson and Carter, 1979, p. 347).

Additional sources could be used to expand the number of cases, but their use would also increase the risk of combining data from sources whose respective criteria for inclusion might be inconsistent or incompatible. In this regard, the overlap of the lists derived from the two sources implies that the sources are fairly compatible. Finally, the exclusiveness of the sources may limit the number of cases, but this is arguably beneficial, for it restricts the analysis to those entrepreneurs who have been the most prominent, nationally and regionally (rather than merely locally).

## Methodology

The locations of eminent Black entrepreneurs in metropolitan areas are determined from the place-of-business information in the biographical sketches. Each location will

be treated as a separate observation. That is, the unit of analysis is the location of the entrepreneur, not the entrepreneur *per se* (note: many eminent entrepreneurs operated in multiple locations at different times). For simplicity, the ‘number of eminent Black entrepreneur locations’ will be called the ‘number of eminent Black entrepreneurs’ in discussing the results.

The analysis has two steps. First, the rank-size distribution of the number of eminent Black entrepreneurs will be presented for the metropolitan areas that have at least one eminent Black entrepreneur. This step will reveal the extent to which eminent Black entrepreneurs have been spatially concentrated. Secondly, the number of eminent Black entrepreneurs per 100 000 Black residents will be computed for metropolitan areas in the South and the North and West. The South is defined, following convention, as the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

This second step of the analysis will focus on eminent entrepreneurs who were born after the Civil War (1861–65) for several reasons. First, the economic opportunity structure for Blacks in the *antebellum* era—especially in the South—was qualitatively different from that in the *postbellum* era because of numerous factors, the most obvious one being slavery; hence, it is appropriate to separate the two periods. Secondly, a modern urban economy did not materialise in the US until the *postbellum* era and, thus, many eminent Black entrepreneurs of the *antebellum* era were engaged in agriculture or pre-industrial occupations (Walker, 1986). Thirdly, most of the eminent Black entrepreneurs who were born after 1865 achieved their greatest successes in the 20th century, when the Black population of the US began to urbanise because of the ‘great migration’ of 1915–1970. This birth cohort, then, seems most relevant

to the study of Black entrepreneurs who succeeded in the era of the American urban-industrial economy.

The Black population of the metropolitan area in 1980 (from US census data in O'Hare, 1987, p. 41) is used to calculate the number of eminent Black entrepreneurs per 100 000 Black residents. These data, analysed in past studies of intermetropolitan variation in Black enterprise (O'Hare, 1987), reasonably reflect size differences in the Black populations of US metropolitan areas during most of the 20th century.

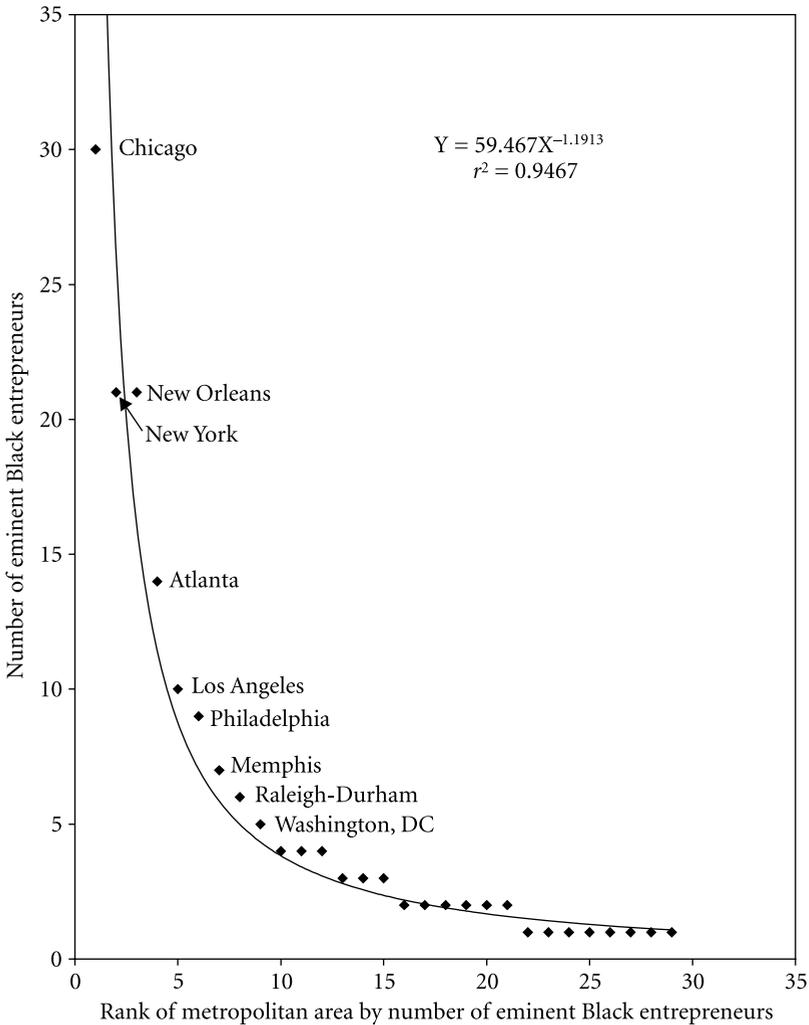
Given the limitations of the data on eminent Black entrepreneurs (for example, the relatively small number of cases for some metropolitan areas), it is inadvisable to make representative claims about a wide range of specific places. The analysis of the number of eminent Black entrepreneurs per 100 000 Black residents will, therefore, be restricted to a few major metropolitan areas (identified later) and to data that are aggregated for the full sample of metropolitan areas in the South and the North and West. Even so, it is important to note that what follows is a 'broad brush' analysis that overlooks many of the historically unique circumstances that affected the development of Black business enterprise in particular cities (for example, distinctive occupational structures, patterns of Black in-migration and Black-White social and economic relations).

Lastly, metropolitan areas with relatively small Black populations are excluded from the analysis. Their values for the number of eminent Black entrepreneurs per 100 000 Black residents would, in nearly all cases (for example, Des Moines, Iowa) outlandishly overstate their roles as centres of Black business success. Accordingly, four categories of Black population size are considered: over 1 000 000; under 1 000 000 but over 500 000; under 500 000 but over 250 000; and under 250 000 but over 125 000 (see Appendix).

## Findings

Figure 1 presents the rank-size distribution of the number of eminent Black entrepreneurs for the metropolitan areas that have at least one eminent Black entrepreneur. Those areas with five or more eminent Black entrepreneurs are identified by name. This distribution is highly skewed and closely fits ( $r^2 = 0.95$ ) the famous 'Pareto curve' ( $Y = aX^{-b}$ ) routinely observed in research on the frequency distribution of urban places by size (Duncan, 1959). Not surprisingly, Chicago, New York and, to a lesser extent, Philadelphia, stand out as important locations of eminent Black entrepreneurs, bolstering the idea that Black business success has been concentrated in the "Black metropolis" of the North. The towering stature of Chicago is particularly notable. It jibes with the popular claim, made after the start of the 'great migration', that the 'windy city' is the premier centre of Black entrepreneurship in America (see, for example, Drake and Cayton, 1962, p. 438). The western metropolitan area of Los Angeles stands out as well. Although it was not prominently featured in the literature review, this metropolitan area is known to have an exceptionally high level of Black business ownership (O'Hare, 1987), possibly because migration to the West has been "selective of Blacks who have entrepreneurial orientations" (Boyd, 1991, p. 422).

It may be tempting to conclude that the remarkable concentration of successful Black entrepreneurs in Chicago is related to the extraordinarily high level of Black residential segregation that was described earlier. However, other northern metropolitan areas with similarly high levels of residential segregation by race have relatively few eminent Black entrepreneurs. Detroit and Cleveland, Midwestern metropolitan areas with large and highly segregated populations of Blacks, stand out in this respect, having only two and



**Figure 1.** Number of eminent Black entrepreneurs by rank of metropolitan areas

one eminent Black entrepreneurs respectively (see Appendix).

The high standings of Chicago, New York and Los Angeles—the biggest US metropolitan areas—are in line with the theory that large urban agglomerations offer advantages that promote success in a variety of endeavours, such as art, science and education, in addition to commerce. Among these advantages are opportunities for occupational specialisation, close proximity to large audiences or markets, exposure to cosmopolitanism and

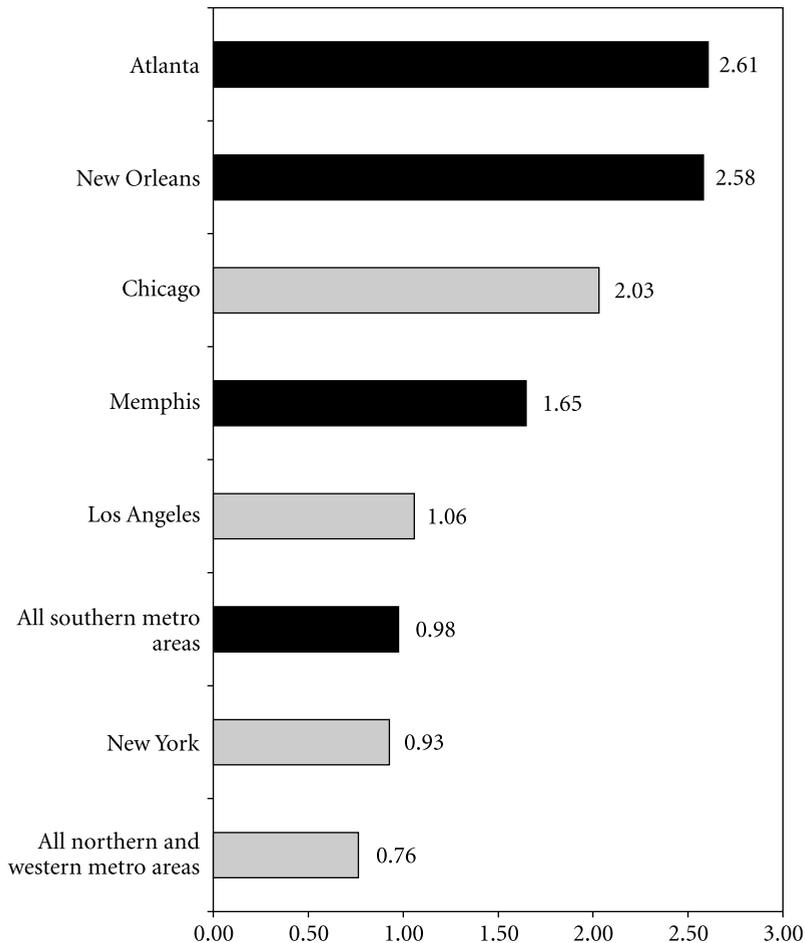
innovative ideas, relief from prejudice and intolerance, and accessibility to social relationships that can stimulate accomplishment (Hawley, 1972; Ogburn and Duncan, 1964). Such advantages often attract highly talented and ambitious people who, according to the economic theory of migration, are seeking the greatest pay-offs to their human capital attributes (Clark, 1986, pp. 66–68). The high standing of these metropolitan areas, furthermore, tallies with the assertion that “larger places provide better business

opportunities to Blacks than do smaller ones” (O’Hare, 1987, p. 41). It is in accord, too, with the claim that large Black populations facilitate Black entrepreneurial achievement by providing Black business owners with an exploitable market of co-ethnic consumers and/or by supporting institutions, such as banks, that encourage enterprise in Black communities (Boyd, 1991).

However, the high rankings of New Orleans and Atlanta and, to a lesser extent, Memphis and Raleigh–Durham, are also worthy of note. These rankings are consistent with studies, reviewed earlier (for example, Ingham, 2003),

that show that southern metropolitan areas have contained thriving Black business districts that were founded by some of the country’s most successful Black entrepreneurs. Further, the relatively large number of eminent Black entrepreneurs in these medium-sized metropolitan areas, which have smaller populations and fewer Blacks than do the non-southern metropolitan areas examined earlier, implies that the ‘southern advantage’ claim warrants exploration.

Such an exploration is provided by Figure 2, which displays the number of eminent Black entrepreneurs per 100 000 Black residents



**Figure 2.** Number of eminent Black entrepreneurs (born after 1865) per 100 000 Black residents for selected metropolitan areas

for several metropolitan areas and for the aggregated data. The areas featured include Atlanta, New Orleans and Memphis—the metropolitan areas that had the three largest numbers of eminent Black entrepreneurs in the South—and their non-southern counterparts, Chicago, New York and Los Angeles.<sup>1</sup> Recall that this step of the analysis is limited to those eminent entrepreneurs who were born after 1865, for reasons given earlier. The high rankings of Atlanta and New Orleans suggest that the assertion of “southern advantage” may indeed have a factual basis. Chicago, ranking above Memphis, holds its own in the order, and with Los Angeles, ranks above the measure calculated from aggregated data on the southern metropolitan areas in the sample. New York falls slightly below the latter measure but ranks above the one computed from aggregated data on the northern and western metropolitan areas.

These findings imply that Black business districts in the urban South have produced or attracted more than their share of the nation’s most distinguished Black entrepreneurs. Many of these districts were founded in the late 19th and early 20th centuries by Blacks who, according to the literature review, were followers of the ideology of self-help, racial solidarity and Black support of Black enterprise that was promoted by Booker T. Washington (for example, see Meier and Rudwick, 1976). These southern business districts evidently had more entrepreneurial talent per capita than did their counterparts in Chicago, New York and other northern urban centres that had much larger Black populations. The results, then, are in accord with the assertion, made by Washington and others, that Black business owners in places such as Atlanta and New Orleans may have benefited from a ‘southern advantage’ that was, perhaps, based on a venerable tradition of entrepreneurship among Blacks in the South.

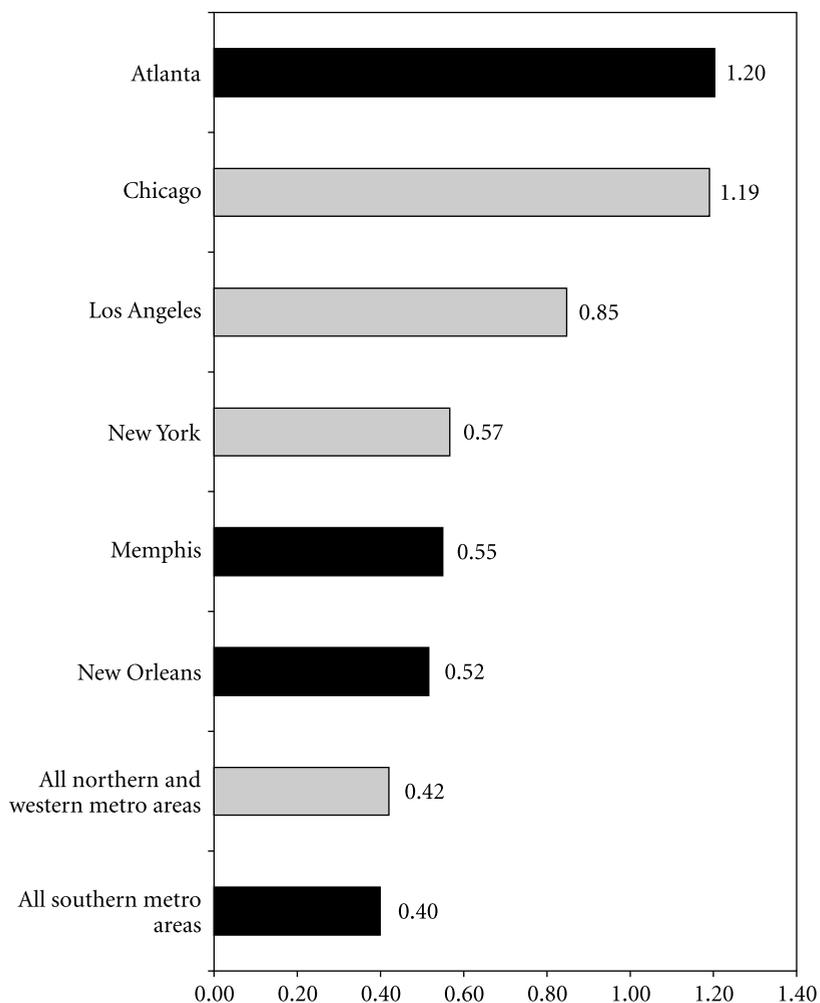
Would the results change substantially if the analysis included only those eminent Black

entrepreneurs who were alive in 1980, the baseline year for calculation of the number of eminent Black entrepreneurs per 100 000 Black residents? An answer is potentially informative. It can reveal the extent to which the high standings of Atlanta and New Orleans, among other southern metropolitan areas, are legacies of the early era in which southern Black entrepreneurs dominated Black enterprise in America.

Figure 3 shows that Atlanta and Chicago are essentially tied for the top position. Chicago outranks Los Angeles and New York, which, in turn, outrank Memphis and New Orleans. The measures based on aggregated data, moreover, indicate that the per capita number of eminent Black entrepreneurs is higher in northern and western metropolitan areas than in southern ones, although the disparity is trivial. Comparing these results with those of Figure 2 indicates that, while the ‘southern advantage’ may have lasted well into the 20th century, it had deteriorated noticeably by the century’s end. So it is reasonable to surmise that, as the major figures of the ‘Age of Booker T. Washington’ passed into history, the stature of their business locations declined and, consequently, large metropolitan areas outside the South were poised to become main centres of Black entrepreneurial success.

## Discussion

In the introduction it was asked, “Which pattern—‘southern advantage’ or ‘Black metropolis’—best describes the locations of highly successful Black entrepreneurs?” This question arises because the most popular view in the social sciences is that the ‘Black metropolis’ has been the centre of Black socio-economic progress and, consistent with this view, large northern metropolitan areas—notably, Chicago and New York—stand out as primary locations of eminent Black entrepreneurs. Yet, historical research suggests



**Figure 3.** Number of eminent Black entrepreneurs (born after 1865 and alive in 1980) per 100 000 Black residents for selected metropolitan areas

that many urban Black communities in the South had thriving commercial districts that were established by Blacks who built on an old tradition of entrepreneurship that sought to ‘take advantage of the disadvantages’ of southern racial oppression. In line with this ‘southern advantage’ thesis, several southern metropolitan areas—notably, New Orleans and Atlanta—had a disproportionate share of the nation’s eminent Black entrepreneurs for much of the 20th century. The answer to the question, then, is complex. The ‘Black

metropolis’ pattern is most applicable to the allocation of the number of successful Black entrepreneurs (Figure 1), while the ‘southern advantage’ pattern is most applicable to the per capita number of such entrepreneurs (Figure 2). However, at the end of the 20th century, the urban South was no longer producing or attracting highly successful Black entrepreneurs as it had in the past (Figure 3), suggesting that the ‘southern advantage’ was waning and the ‘Black metropolis’ was waxing by this time.

## Implications

These results have several implications for the literature on Black entrepreneurial achievement. First, they suggest that a pre-occupation with the Black communities of the urban North has obscured our awareness of the vital role that southern metropolitan areas have played in the success of Black business owners in the US. Reflecting the general orientation of scholarship on urban Blacks, sociological studies of Black entrepreneurs often focus on the Black neighbourhoods of large northern cities, such as the South Side of Chicago or Harlem in New York, and have largely neglected Black entrepreneurship in the South. This orientation may be due, in part, to the concern of many social scientists with the causes and consequences of the 'great migration' of Black southerners to urban centres outside the South. Nonetheless, it has been argued that in Raleigh–Durham, Atlanta, Memphis and New Orleans, among other places, vital Black business districts were established by Blacks who had a venerable, southern-based tradition of entrepreneurship (Butler, 1991). And in support of this argument, the present study, informed by historical research (for example, Ingham, 2003), shows that the aforementioned southern metropolitan areas had more than their share of the nation's most reputable Black entrepreneurs for much of the 20th century. This evidence in favour of the 'southern advantage' thesis bolsters the assertion that a tradition of business enterprise flourished in the Black communities of the urban South (Butler, 1991), contrary to claims that Blacks in the region have lacked such a tradition (Light, 1972).

Yet the results further indicate that Black entrepreneurial success has deteriorated in the South and is concentrating in the largest urban centres of the North and West. By the late 20th century, the number of eminent

Black entrepreneurs per 100 000 Blacks was slightly lower in the South than in the North and West; and Chicago, Los Angeles and New York had surpassed New Orleans and Memphis on this per capita measure of Black business achievement. These developments tally with evidence on the demise of what one study called an 'old business elite' that was based in the South and arose because of restrictions placed on Black consumers by racial segregation (Boyd, 2006). That study noted that the gradual movement of Blacks into the societal mainstream after the 1960s undermined the racially segregated consumer markets that provided many southern Black entrepreneurs with opportunities for success in personal services, hotels and undertaking, among other pursuits that depended on the separation of Blacks and Whites. The study also documented the rise of a 'new business elite' of Blacks that was outside the South and involved in pursuits catering to relatively affluent Black consumers, such as advertising, mass media entertainment and beauty products (Boyd, 2006). The present study extends this research by showing that the largest metropolitan areas are becoming the most popular locations of these 'new' successful Black entrepreneurs—a trend consistent with the thesis that large urban agglomerations tend to produce and attract individuals of exceptional ability and accomplishment (Hawley, 1972; Murray, 2003; Ogburn and Duncan, 1964).

In addition, by analysing eminent Black entrepreneurs, rather than the entire population of Black entrepreneurs, the investigation extends efforts to find the 'best places' for Black enterprise in the US. The overall level of Black business ownership tends to be highest in the largest metropolitan areas, presumably because such places offer more entrepreneurial opportunities than do smaller places (O'Hare, 1987). The results presented earlier, however, are only partly consistent with

this observation. On the one hand, eminent Black entrepreneurs do frequently locate in large metropolitan areas, especially those with sizeable Black communities and high rates of Black business ownership. Los Angeles, which has a high level of Black business ownership (O'Hare, 1987, p. 41) and a high number of eminent Black entrepreneurs per 100 000 Black residents, is a prime example of such a place. On the other hand, there are notable exceptions to this pattern. Some large metropolitan areas with relatively high levels of Black business ownership have few eminent Black entrepreneurs, such as San Francisco–Oakland (see Appendix; also O'Hare, 1987, p. 41). Thus, conditions that support the overall level of Black enterprise do not always attract or produce great numbers of eminent Black entrepreneurs, although they often do. Why this is the case is a subject for further inquiry along the lines suggested later.

Finally, the results have implications for our understanding of Black economic development. The ability of urban places to attract individuals with superior human capital attributes plays a crucial role in the economic development of such places and their surrounding regions (Florida, 2002). Against the backdrop of evidence that successful Black-owned businesses can economically strengthen Black communities (Bates, 1993, pp. 2–3), it follows that the decline of eminent Black entrepreneurs in southern metropolitan areas, such as New Orleans, bodes ill for the economic development potential of the Black communities of these areas. Furthermore, given the important social contributions of such entrepreneurs—for instance, their support of social welfare institutions (Butler, 1991)—it follows, too, that this decline may reduce the potential for the mobilisation of self-help efforts in these Black communities. At the same time, the concentration of eminent Black entrepreneurs in the largest northern and western metropolitan areas,

such as Chicago, Los Angeles and New York, implies that the Black communities of these areas may, in the foreseeable future, enjoy greater opportunities for economic and social development than the Black communities of other metropolitan areas.

While these conclusions are tentative, owing to the limitations discussed earlier, this study can provide directions for future research on Black entrepreneurial success. The questions addressed by such research might include the following: Why do places with similarly large and well-established Black communities—Chicago and New York, for example—have vastly different numbers of eminent Black entrepreneurs (Figure 1)? And why do places with relatively small Black communities, such as Pittsburgh, sometimes have more eminent Black entrepreneurs per capita than do places with relatively large Black communities, such as Philadelphia (see Appendix)? It is beyond the scope of the study to address these queries. Yet future investigations might explore the possibility that the institutional infrastructure of Black communities is a salient factor. Local institutions—such as churches, fraternal orders, newspapers and other institutions that form the basis of life in Black communities (Price-Spratlen, 1998, citing Taylor, 1979)—could be vital elements of an urban environment that nurtures the success of Blacks who have the talent and ambition to achieve eminence in the business world.

## Note

1. The number of eminent Black entrepreneurs per 100 000 Black residents is greater in Raleigh–Durham (2.98) than in any other area. This finding comports with the many references to Durham as the 'Wall Street of Negro America' (see, for example, Butler, 1991, p. 166). However, the number of eminent Black entrepreneurs in this metropolitan area is relatively low (only four who were born after 1865).

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## Appendix

**Table A1.** Locations of eminent Black entrepreneurs in metropolitan areas

Metropolitan area	Number of eminent Black entrepreneurs	Black population in 1980	Number of eminent Black entrepreneurs per 100 000 Black residents
<i>Over 1 000 000 Blacks</i>			
New York, NY–NJ	21	1 940 628	1.082
Chicago, IL	30	1 427 826	2.101
<i>Under 1 000 000 but over 500 000 Blacks</i>			
Los Angeles, CA	10	943 968	1.059

(Continued)

(Table A1 Continued)

<i>Metropolitan area</i>	<i>Number of eminent Black entrepreneurs</i>	<i>Black population in 1980</i>	<i>Number of eminent Black entrepreneurs per 100 000 Black residents</i>
Detroit, MI	2	890 532	0.225
Philadelphia, PA–NJ	9	884 405	1.018
Washington, DC–MD–VA	5	853 719	0.586
Baltimore, MD	1	556 872	0.180
Houston, TX	2	528 510	0.378
<i>Under 500 000 but over 250 000 Blacks</i>			
Atlanta, GA	14	498 826	2.807
Dallas–Fort Worth, TX	1	419 200	0.239
Newark, NJ	2	417 787	0.479
Saint Louis, MO–IL	4	407 856	0.981
San Francisco, CA	2	391 162	0.511
New Orleans, LA	21	387 422	5.420
Memphis, TN–AR–MS	7	364 253	1.922
Cleveland, OH	1	345 646	0.289
Miami, FL	0	280 434	0.000
<i>Under 250 000 but over 125 000 Blacks</i>			
Birmingham, AL	2	239 673	0.834
Norfolk, VA–NC	0	223 530	0.000
Pittsburgh, PA	3	175 603	1.708
Richmond, VA	3	174 529	1.719
Cincinnati, OH–KY–IN	0	173 656	0.000
Kansas City, MO–KS	2	173 184	1.155
Nassau–Suffolk, NY	0	162 484	0.000
Boston, MA	1	160 434	0.623
Greensboro, NC	1	159 578	0.627
Jacksonville, FL	0	158 358	0.000
Indianapolis, IN	1	157 254	0.636
Milwaukee, WI	0	150 677	0.000
Tampa, FL	0	145 688	0.000
Charlotte, NC	3	138 661	2.164
Baton Rouge, LA	0	137 581	0.000
Nashville, TN	4	137 348	2.912
Columbus, OH	1	134 686	0.742
Raleigh–Durham, NC	6	134 323	4.467
Charleston, WV	4	133 478	2.997
Mobile, AL	1	126 835	0.788
Gary–Hammond, IN	0	126 350	0.000
Jackson, MS	0	126 202	0.000

Sources: See text.