

Relationship Between Legitimacy and Intended Patronage: One Size Fits All?

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The rate of black entrepreneurship is about a third that of whites. This has remained relatively unchanged for nearly a century. Traditionally, black entrepreneurship research has focused on the entrepreneur's access to capital, education, family structure, and human capital. Conversely, little attention has been given to consumers' impact on black entrepreneurship. Using a multi-disciplinary theoretical framework, a cross-sectional study was conducted on 843 respondents. Data was analyzed to determine if significant differences exist between groups of respondents with respect to perceptions of legitimacy and patronage. Following a discussion of the results, implications for practice and future research directions are offered.

INTRODUCTION

In August 2014, the U.S. Bureau of Labor Statistics (BLS) reported that the unemployment rate for blacks was significantly higher than for whites in America (11.4% to 5.3% respectively) (US Bureau of Labor Statistics, 2014). This is not new information. The disparity in unemployment rates has persisted for over 50 years (Singh, Knox, & Crump, 2007; Spriggs & Williams, 2000) and has resulted in 24.2% of Blacks living below the poverty level compared to 10.3% Whites and 12.3% of the general U.S. population (U.S. Census Bureau, 2009). Entrepreneurship and self-employment are viable alternatives to wage-employment, especially for disadvantaged people who suffer discrimination in the labor market (Bates, 2006; Light, 1972). However, the rate of black entrepreneurship is still about a third of that of whites' in the U.S. (Fairlie, 2004), and among black businesses that are founded, they fail at a higher rate than white businesses (Fairlie & Robb, 2007).

Traditionally, researchers have focused on income and household asset levels (Fairlie, 1999), education (Hisrich & Peters, 2002; Singh, Knox, & Crump, 2007; Singh & McDonald, 2003), business experience, and family structure (Lentz & Laband 1990; Dunn & Holtz-Eakin, 2000; Hisrich et al., 2005, & Hundley (2006). Although the arguments concerning education, household assets, and family are helpful and are associated with racial/ethnic disparities in entrepreneurial entry rates, they do not fully explain these disparities nor do they fully capture all the issues faced by Black entrepreneurs. Unlike earlier mentioned studies, this research focuses on the consumer perceptions as a reason for the low entrepreneurship or entrepreneurial entry rates of blacks. Businesses cannot thrive or survive without consumers, yet, research examining the impact of consumers' perceptions on businesses and entrepreneurs, specifically black entrepreneurs, is sparse. The present study will address this gap in the literature by examining how consumer legitimacy perceptions of black entrepreneurs affect intended patronage of black-owned businesses.

LITERATURE REVIEW AND HYPOTHESES

New businesses have to gain legitimacy to overcome the liabilities of newness (Stinchcombe, 1965) that exist because of the lack of specific sets of resources and capacities that more established businesses have. New ventures experience higher rates of failure than more established ones (Hannan & Freeman, 1984). Hannan and Freeman (1984) observed that new organizations have weak claims to sources of support and are highly vulnerable to environmental shocks, making them more prone to fail than established ones. Morse, Fowler, and Lawrence (2007), explained the issues of liabilities of newness and their effects new ventures in general. They stated that new ventures must develop extant routines because they lack established roles and systems, which can result in issues of trust and legitimacy. Aldrich and Fiol (1994) declared trust a critical first-level determinant of business success and an important factor in most social transactions, including business transactions in which there is uncertainty about actions and outcomes. Thus, new firms strive to achieve stability by establishing a trust relationship with customers and clients.

Consumers will patronize businesses that they trust and perceive as legitimate (Aldrich & Fiol, 1994). Consumers' perceptions of legitimacy are critical for black entrepreneurs whose businesses may suffer from the continued negative stereotypes held about blacks. This situation is worse for blacks that live and work in black enclaves (Fairchild, 2008). Fairchild (2008) claimed that segregation exacerbates negative stereotypes of blacks by non-blacks resulting in blacks' social exclusion, discouraging patronage of black businesses by white consumers, and closing off sources of capital.

Black enclaves, unlike other enclaves, formed because of legal exclusion of blacks from patronizing mainstream businesses (Bates, 2006), while other enclaves formed in response to voluntary immigration of other ethnic groups. In contrast to other ethnic groups who have used their ethnic enclaves in the United States as starting points in their American journey, the black enclaves have been home to generations of some black families. Ethnic enclaves provide business and employment opportunities for their residents that otherwise would not be available to them in the larger society (Cummings, 1999). However, there have been arguments that slavery and continued discrimination in the broadest terms may have deprived blacks of acquiring entrepreneurial acumen, resulting in the lack of a black business tradition (Bristol, 2004).

Negative stereotypes are by-products of discrimination and may affect blacks' ethnic affiliations and ethnocentric behaviors including consumer ethnocentrism. Negative stereotypes result in low legitimacy perceptions of black entrepreneurs and preferential patronage of non-Black-owned businesses. Black-owned businesses (most of which are located in black enclaves) continue to fail at a higher rate than non-black-owned businesses (Fairlie & Robb, 2007). Consumers tend to be careful about what they buy and where they buy. Trust of a business establishment is important to consumers in their business patronage (Child & Mollering, 2003; Gounaris, 2005). According to Aldrich and Fiol (1994), trust is usually a prerequisite for voluntary participation in business exchange, and is usually a problem for new ventures that have not established a trust relationship with customers.

Like trust, legitimacy is critical for diminishing the effects of the liabilities of newness. An entrepreneur's success ultimately depends on the entrepreneur's ability to gain customer support by achieving high levels of legitimacy (Zarkada-Fraser & Fraser, 2002). Aldrich and Fiol (1994) described two legitimacy processes: cognitive and sociopolitical legitimation. Cognitive legitimation refers to when an activity, type of business or business owner's ethnicity becomes so familiar that consumers actually believe that they are knowledgeable users of the product or service. Sociopolitical legitimation refers to the process of acceptance of a venture by the public as appropriate, given the existing norms. Liabilities of newness can be reduced by improving consumers' perceptions of business legitimacy, which in turn increases business patronage (Aldrich & Fiol, 1994; Morse et al., 2007). Consumers' perception of legitimacy is central to business patronage. For instance, Korean merchants in black neighborhoods specialize in five lines of business, including beauty supplies (Yoon, 1991). Due to their access to capital through intra-ethnic economic linkages and other sources, their beauty supply stores tend to be larger, stifling the growth of those owned by blacks in black neighborhoods (Lee, 2000). As Korean beauty

supply stores increase in size and number, beauty supply shop ownership becomes associated with Koreans. Thus, people in black neighborhoods are more likely to patronize beauty shops owned by Koreans because they are viewed as more legitimate than those owned by blacks. Perhaps black consumers view Koreans as having greater expertise in the beauty supply business and/or have come to trust Korean beauty storeowners and their products more than they trust co-ethnics owners and their products.

Trust contributes to ethnic bonds and ethnic solidarity, which help entrepreneurs to access important business resources, market penetration, tight-knit financial and social networks, and loyalty (Light & Rosenstein, 1995). Cummings (1980) stated that ethnic solidarity or ethnocentrism promotes a collective approach to business development. In other words, the success of ethnic businesses highly depends on the degree of consumer ethnocentrism exhibited by co-ethnics, which is driven by their perception of co-ethnic business legitimacy. There is research that shows an impressive success record for enclave entrepreneurship (Cummings, 1980; Light & Rosen, 1995; Wilson & Portes, 1980). For instance, Wilson and Portes (1980) reported high entrepreneurial success rates in Little Havana due to high co-ethnic patronage. This in turn increased the rate of business ownership in Little Havana because Cuban immigrants who worked for Cuban immigrant entrepreneurs in a Cuban enclave in Miami were mentored into starting their own businesses. Hence, they fared better than Cuban immigrants that worked in similar non-Cuban enterprises. In Los Angeles County in 1941, Japanese immigrants owned and worked on about 75% to 90% of farmland (Model, 1985). This cooperation among co-ethnics led to a low unemployment rate among Japanese and Chinese people in Asian enclaves during the Depression (Light, 1972).

Usually, ethnic enclave entrepreneurs have a concentrated trusting customer base of co-ethnic consumers, who view them as legitimate allowing enclave entrepreneurs to grow at a quicker rate than entrepreneurs in the wider market (Cummings, 1999; Waldinger, 1983). The lower rates of entrepreneurship and the higher rates of failure among black entrepreneurs suggest that they do not enjoy the same perception of legitimacy by co-ethnic consumers, as do other ethnic enclave entrepreneurs. The reason for low legitimacy perceptions of black entrepreneur may lie in Morse's et al. (2007) explanation that the lack of established systems and roles and extant routines results in consumers not perceiving entrepreneurs as legitimate. Some researchers refer to this as lack of black business tradition (e.g., Bristol, 2004). Consumers have come to associate certain types of businesses with non-black entrepreneurs, such that it has become very hard for black entrepreneurs to enter, thrive in, or be successful. Because of the perceived lack of legitimacy (at least from the consumers' point of view), black enclave businesses face tougher challenges to overcome the liabilities of newness than black businesses in the suburbs or new businesses in general.

Consumers in predominantly White neighborhoods perceive businesses owned by blacks as more legitimate than do those in predominantly black neighborhoods. This is consistent with Cummings (1999), who found that black entrepreneurs in the white neighborhoods performed better than those in black neighborhoods. Their suburban location confers on black-owned businesses the legitimacy needed to thrive and succeed. Whites in mixed neighborhoods are more likely than whites that live in segregation to patronize black-owned firms because of diminished negative stereotypes through interacting with blacks. The legitimacy of these black-owned firms is also enhanced by white patronage. Black-owned businesses in the suburbs tend to have more access to capital, which makes them able to compete in the wider market (Cummings, 1999). This also makes suburban black consumers and consumers of other ethnicities view black-owned firms located in the suburbs as legitimate. Moreover, suburban whites and blacks are more likely to perceive black-owned businesses in the suburbs as legitimate because these suburbanites, who are usually middle to upper class, view their neighbors as having about the same educational attainments and income levels. In contrast, enclave black-owned businesses are usually small, undercapitalized, and prone to failure (Cummings, 1999; Fairlie & Robb, 2007). The higher failure rate of black-owned businesses, especially in the enclaves, compared to white-owned businesses helps propagate negative stereotypes people have of blacks and diminishes the legitimacy perception of black-owned businesses. In addition, since blacks and whites in the inner cities live in racially/ethnically segregated

neighborhoods, black and white interactions are limited therefore negative stereotypes of blacks continue unchecked. These negative stereotypes affect how whites perceive black people and the legitimacy of black-owned businesses. Blacks being minorities, consciously or unconsciously tend to take on these negative stereotypes (Burgess and Mosso, 2001; Jost, Pelham, Mauricio, and Carvallo, 2002; Sarnoff, 1960), leading to inner city Blacks perceiving co-ethnic owned businesses as less legitimate than white-owned businesses. This discussion results in the following hypotheses:

Hypothesis 1: There will be a difference between black and white consumers' legitimacy perceptions of black entrepreneurs.

Hypothesis 2: There will be a difference between black and white consumers' intended patronage scores for black-owned firms.

Hypothesis 3: There will be a difference between black and white consumers' legitimacy perceptions of white entrepreneurs.

Hypothesis 4: There will be a difference between black and white consumers' intended patronage scores for white-owned firms.

Hypothesis 5: The relationship between black and white consumers' perceived legitimacy and intended patronage is different for black and white entrepreneurs.

RESEARCH METHODS

Survey Questionnaire and Sample

Data were originally collected during a 52-day period. Participants were volunteer individuals who were approached by a data collector at several different locations around a major east coast city and its suburbs. Respondents were assured of complete confidentiality and the survey took about 10 minutes to complete. The survey and data collection procedure received Institutional Review Board approval and was pretested to check for appropriateness of the questions and the chosen sample. There were two versions of the survey questionnaire that asked respondents to answer questions about an entrepreneur and his new venture that was purported to be in the process of being founded in the area. Both versions of the questionnaires contained the same biological information (i.e., name, education, and work experience) about the entrepreneur and were the same except that the entrepreneur was represented by two different pictures – one was a white man and the other a black man. The pictures of each man were similar in terms of smile, background, and clothing. There was no reference to race specifically made on the questionnaire; the only differentiating factor between the two questionnaires was the picture. Appendix A contains the brief bio sketch and pictures of the two men used in the survey questionnaires.

Most of the questions were adapted from General Social Survey (GSS) questions, as well as questionnaires utilized by Heatherton and Polivy (1991), Luhtanen and Crocker (1992), Maxham and Netemeyer (2002), Newell and Goldsmith (2001), and Sweeney and Soutar (2001). The items selected were used to measure the respondents' perceptions of legitimacy, attitudes, and intended patronage of the new venture (a restaurant) described in the brief background sketch on the questionnaire. Although these subscales had previously established reliability, a pilot test was used to establish the reliability of the total survey prior to full data collection. In addition, the questionnaire included demographic questions about the participants (e.g., age, race, gender, education, income levels). This design is similar to that used in previous ethnicity-based research (e.g., Nesdale, Durkin, Maass, and Griffiths, 2005; Shutts, Kinzler, Katz, Tredoux, and Spelke, 2011; Stokes-Guinan, 2010; Clark and Clark, 1947; Hraba and Grant, 1970). The full questionnaire is not contained in this paper, but is available upon request. However, the question items used to measure legitimacy, attitudes, and intended patronage are provided in Table 2 later in the paper.

Table 1 summarizes the demographic characteristics of the 846 participants that made up the respondent sample of the study. The mean age of the participants was just under 40 years. Most participants were female (59.4%). The participants were about evenly distributed by race. Black participants constituted 50.8% (430) of the sample, while white participants made up 49.2% (416) of the

sample. Most participants had completed high school and some post high school education (75.2%) and more than half of the participants (55.7%) reported an annual income above \$50,000.

TABLE 1
RESPONDENT DEMOGRAPHIC CHARACTERISTICS

	<i>Mean/SD/''</i>	<i>Range</i>
Age (years)	39.5/17.20	18-88
	<i>Frequency</i>	<i>Percent</i>
Gender		
Female	494	58.6
Male	348	41.3
Race/Ethnicity		
Black	418	49.6
White	425	50.4
Education		
< than HS diploma	47	5.6
HS Diploma	160	19.1
Some College	285	34.0
BS Degree	159	19.0
Some graduate	43	5.1
Graduate degree	145	17.3
Income		
< \$25, 000	159	19.5
\$25,000- \$49, 999	200	24.5
\$50,000-74,999	172	21.1
>\$75,000	284	34.8

N=843* N varies due to missing data

Measures and Statistical Analyses

T-test analyses were used to test the hypotheses in this study. Age, education, income, and gender were used as control variables. The full list of variables included in the analyses follows:

LEGITIMACY – This variable was calculated by adding up the responses for nine question items in the survey instrument (see Table 2). These were 5-point Likert-type questions. The minimum score was 9 and the maximum score was 45. The nine-item scale had an alpha of .88.

INTENDED PATRONAGE – This variable was calculated by adding up the responses for two question items (see Table 2). These were also 5-point Likert-type questions. The minimum score was 2 and the maximum score was 10. The two-item scale had an alpha of .75.

Table 2 provides the wording of the question items that made up the scales for the above variables. All three scales demonstrated good reliability and validity, and have been used in prior published research studies. However, for this study reliability was re-examined for this sample of participants and all scales demonstrated good reliability as demonstrated by the Cronbach's alphas above .7.

TABLE 2
CONSUMER PERCEPTION SCALES: RELIABILITY, MEAN AND RANGES

	o. Items	M/SD (range)
Legitimacy Scale	9	0.88 30.2/6.1 (9-45)
Keith is prepared to start the business		3.5/1.0
Keith has the background to be a successful entrepreneur.		3.4/1.0
Keith has the appropriate experience to get the bank loan.		3.1/1.0
Keith knows how much he needs to invest in the business.		3.1/1.1
I would not expect any problems with Keith's restaurant.		2.8/1.1
The idea of Keith opening a restaurant in the area is appealing.		3.7/0.9
Keith's restaurant would perform well near my home.		3.3/1.0
Keith's restaurant would be well received by me		3.6/0.9
Keith's restaurant would be well received by people in my neighborhood.		3.5/0.9
Patronage Scale	2	0.75 8.5/1.4 (2-10)
I would try his restaurant if it is located in my neighborhood		4.1/0.8
If I liked the food and prices, I would recommend Keith's restaurant to friends and relatives.		4.3/0.7

AGE – This variable is the age of the respondent in years. It was taken directly from the survey.

EDUCATION – This was a dummy coded variable, which measured whether respondents had achieved any post high school education. Respondents who had graduated high school and pursued some college or

post high school education were coded as “1”. Those who had just a high school degree or less were coded as “0”.

INCOME – This was a dummy coded variable, which measured whether respondents earned more than \$50,000. Respondents who reported annual income at \$50,000 or more were coded as “1”. Those who reported income below \$50,000 were coded as “0”.

RACE OF RESPONDENT – This dummy variable identifies the race the respondent. This was taken directly from the survey. Only black and white respondents were included in this study. Black respondents were coded as “1” and white respondents as “0”.

RACE OF ENTREPRENEUR – This dummy variable was coded the same as the Race of Respondent variable. Respondents who filled out the survey with the picture of the black entrepreneur were coded as “1” and those with the picture of the white entrepreneur as “0”.

RESULTS

In general, the mean scores for the black entrepreneur were largely similar regardless of the race of the respondent (see Table 3).

When assessing the black entrepreneur, there were no significant differences between the black or white respondent groups’ mean scores on the two variables (legitimacy and intended patronage); therefore, there was no support for either Hypothesis 1 or Hypothesis 2. However, there were some significant differences when assessing the white entrepreneur. Black respondents had a significantly higher score for the white entrepreneur than did white respondents. In other words, black participants viewed the white entrepreneur as significantly more legitimate than the white participants. Additionally, the white respondents were more likely to indicate that they would be patronizing the white-owned business than black respondents, giving support for Hypothesis 3 and Hypothesis 4.

White respondents significantly favored the black entrepreneur over the white entrepreneur in terms of their perceptions of legitimacy for the entrepreneur and his business, and their intentions to patronize the new business (see Table 4). Black respondents had similar legitimacy scores for the two entrepreneurs, but their responses suggest that they would be significantly more likely to patronize the black-owned business than the white-owned business, also giving support to Hypotheses 3 and 4.

TABLE 3
MEAN SCORES FOR WHITE AND BLACK RESPONDENTS

Variable	Black Respondents	White Respondents
<i>White Entrepreneur</i>		
Legitimacy	29.7** (SD=6.3)	27.7** (SD=6.1)
Intended Patronage	8.1** (SD=1.7)	8.4** (SD=1.3)
<i>Black Entrepreneur</i>		
Legitimacy	31.6 (SD=6.3)	31.3 (SD=4.8)
Intended Patronage	8.7 (SD=1.2)	8.7 (SD=1.2)

Note: **p < .01

TABLE 4
MEAN SCORES FOR WHITE AND BLACK RESPONDENTS

Variable	Black Entrepreneur	White Entrepreneur
<i>White Respondents</i>		
Legitimacy	31.3** (SD=4.8)	27.7 ** (SD=6.1)
Intended Patronage	8.7* (SD=1.2)	8.4* (SD=1.3)
<i>Black Respondents</i>		
Legitimacy	31.6 (SD=6.3)	29.7 (SD=6.3)
Intended Patronage	8.7** (SD=1.2)	8.1** (SD=1.7)

Note: $p < .05$; ** $p < .01$

The results shown in Tables 3 and 4 illustrate a number of interesting findings. As I expected, there was a difference between black and white respondents' legitimacy perceptions of black entrepreneurs, but these differences were not statistically significant. However, black respondents were significantly more likely to indicate that they would patronize a new owned by the black entrepreneur as opposed to the white entrepreneur. The finding for the white entrepreneur was very different and interesting. Contrary to social identity theory, white respondents did not have more positive views of white entrepreneurs or their firms – in fact, the results were just the opposite and contrary to my expectations. White respondents had higher legitimacy perceptions of the black entrepreneurs than they did the white entrepreneur. However, white respondents had a higher intended patronage score for the white entrepreneur than did the black respondents even though white respondents scored the white entrepreneur lower than the black entrepreneur in legitimacy perceptions, lending support for Hypothesis 5. White respondents regardless of their legitimacy perceptions of white entrepreneurs were significantly more likely to patronize white-owned establishments.

DISCUSSION

Past research suggests that consumers patronize businesses that they perceive as legitimate. Consumer legitimacy perceptions are especially important to ethnic enclave entrepreneurs, who rely heavily on co-ethnic patronage. The present research study explored whether differences exist in legitimacy perceptions of black-owned and white-owned businesses by consumers. In addition, the study attempted to uncover differences in the relationship between legitimacy perceptions and intended patronage for black-owned and white-owned firms.

Although simplistic, independent *t*-tests were used to test the hypotheses in this study. Some of the hypotheses were supported, while others had differences in means that were not significant. Surprisingly, new black-owned businesses scored higher in legitimacy perceptions than new white-owned businesses; however, this did not translate to their having higher intended patronage scores than new white-owned businesses. As earlier stated, legitimacy is critical for diminishing the effects of the liabilities of newness (Stinchcombe, 1965). An entrepreneur's success ultimately depends on his or her ability to gain customer support by achieving high levels of legitimacy (Zarkada-Fraser & Fraser, 2002). According to the literature, consumers are more likely to patronize businesses that they perceive as legitimate.

Hypothesis 1 examined whether there were differences in consumers' legitimacy perceptions of new black-owned businesses based on the consumers' race/ethnicity. Surprisingly, no significant differences were found. Hypothesis 3 examined whether there were differences in consumers' legitimacy perceptions of new white-owned businesses based on consumers' race/ethnicity and neighborhood type. Again, no significant differences were recorded. Blacks scored white entrepreneurs higher on legitimacy perceptions

than did white respondents. It seems that the white respondents may require more conviction of legitimacy (e.g., managerial experience) of a white entrepreneur than black respondents.

Hypothesis 2 was used to determine whether patronage intentions of the black entrepreneur differed by the race/ethnicity of consumers. There were no significant differences in respondents' intentions to patronize new black-owned business regardless of respondents' race/ethnicity. Second, hypothesis 4 was used to test differences in intended patronage of White-owned businesses based on respondents' race/ethnicity. In general, higher legitimacy scores led to higher intended patronage scores for the black entrepreneur regardless of the race of the respondent. However, the results showed that white respondents had a higher patronage score for the white entrepreneur than the black respondents. This is interesting because, white-owned businesses on average they had lower legitimacy perception score from both white and black participants. White respondents indicated that they were more likely to patronize a white entrepreneur than black respondents. This is paradoxical because the literature shows that lower legitimacy scores should lead to lower patronage. It does not appear that legitimacy of a white entrepreneur has a critical impact on intended patronage especially with white consumers as shown in the results. It may be that being of the dominant race (white) diminishes the negative effects of low legitimacy scores or that the relationship between legitimacy perceptions and intended patronage is just different for black and white entrepreneur. More research is needed in this direction.

LIMITATIONS

There are a number of limitations that must be acknowledged. First, questionnaire was about a hypothetical entrepreneur starting a specific type of business (a restaurant). It would be better to study real entrepreneurs operating in various industries. Second, I used a cross-sectional study that was limited to only two racial/ethnic groups in the United States. Cross-sectional studies represent only one point in time and cannot be used to establish cause and effect relationships. Further, the study was implemented in a relatively small area of one state in the United States. In addition, this study had some racial/ethnicity components which can be controversial, responses may have been influenced by social desirability response biases. People are often sensitive to ethnic/racial discussions and questions. Although the study design and data collection procedure did not explicitly draw attention to the race of the entrepreneur, there were clearly differences in the intended patronage scores achieved by the businesses that were to be founded by the black and the white entrepreneur. Whether this was due to positive factors such as white support for the co-ethnic white entrepreneurs or negative factors such as discrimination and racism cannot clearly be determined.

FUTURE RESEARCH

Future research should address the limitations discussed above. This study can be replicated in other geographic areas and using real entrepreneurs from different demographic groups and industries. In addition, longitudinal studies using real entrepreneurial ventures should be conducted to establish if indeed legitimacy predict intended patronage and actual patronage. Results from a longitudinal study would more accurately explain if legitimacy predicts patronage/intended patronage equally for black-owned businesses versus white-owned businesses. A careful selection of business establishments for comparison could yield invaluable insight and provide results that are more generalizable. In addition, studying real entrepreneurs and their firms may also minimize social desirability response bias because the researcher would actually observe respondents as they go in and out of the selected business establishments. Additionally, different types of businesses should be studied to determine if differences exist between black-owned and white-owned businesses concerning how consumer perceptions impact patronage in those kinds of business.

Data collectors of different race/ethnicity, gender, and age may be used to replicate this study. The use of different data collectors may facilitate data collection efforts from participants of varied demographics. The Internet can be used to ensure a more complete anonymity and reduce response bias.

Individuals are more likely to respond honestly when they believe there is total anonymity, such as that provided by the Internet (Nosek, Banaji, & Greenwald, 2002a; 2002b). Since the United States is made up of more than blacks and whites, future research could include entrepreneurs of other races/ethnic groups. Moreover, gender and age differences may exist in consumer perceptions; therefore, for future research, the gender and age of the entrepreneurs can also be manipulated to determine if differences based on age and gender exist. Finally, a cross-country study could also be implemented to compare results from different countries, especially a country like South Africa, which in the past had institutionalized racial discrimination like the United States.

CONCLUDING THOUGHTS

In this study, participants, regardless of race/ethnicity had higher legitimacy perception of new black-owned businesses than new white-owned businesses. Perhaps the depiction of the black entrepreneur in a suit, with work experience, and having taken some college classes did not fit the negative stereotypes that people hold of blacks. This higher legitimacy scores that were noted for new black business were interesting. It is possible that people have strong positive feelings for black-owned businesses, yet this does not improve their success. According to Sharma (2009), individuals may be endowed with high levels of emotional capital that does not transition to financial gain or patronage. However, for whites, the opposite seems to be the case, because lower legitimacy scores for new white-owned businesses did not result in lower patronage.

In addition, the higher levels of support for black businesses may be linked to the fact that race and ethnicity issues are extremely difficult to study. With participants completing the surveys in open and visible settings and returning them to a black researcher, participants may have been unwilling to address these sensitive and difficult to discuss issues publically and honestly.

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