



RESEARCH REPORT

# Barriers & Bridges

An Action Plan for Overcoming Obstacles and Unlocking Opportunities for African American Men in Pittsburgh\*

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## ABOUT THE HEINZ ENDOWMENTS

Primary funding for this report was provided by The Heinz Endowments, which supports efforts to make southwestern Pennsylvania a premier place to live and work, a center for learning and educational excellence, and a region that embraces diversity and inclusion.

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# Executive Summary

Among the region's residents, Pittsburgh's African American men have historically and disproportionately faced unprecedented barriers to economic opportunities. This study, supported by The Heinz Endowments, focuses on structural barriers that contribute to persistent racial disparities in the Pittsburgh region. Structural barriers are obstacles that collectively affect a group disproportionately and perpetuate or maintain stark disparities in outcomes. Structural barriers can be policies, practices, and other norms that favor an advantaged group while systematically disadvantaging a marginalized group. A community touched by race-based structural barriers can be identified by the racial and economic stratification of its residents; Pittsburgh, like many large cities in the United States, fits that description.

We began the study in January 2014 with four goals:

1. to document the racial disparities in African American and white men's access to employment, financial services, and business development opportunities by using large, publicly available data sources, as well as aggregate local data collected and disseminated by regional organizations and institutions;
2. to identify structural barriers by examining policies, practices, and norms that likely contribute to disproportionate outcomes by race;
3. to recommend strategies Pittsburgh's philanthropic community and other key stakeholders could adopt to begin dismantling structural barriers; and
4. to identify measurable indicators of barriers Pittsburgh stakeholders could use to gauge the region's progress in reducing barriers over time.

This report focuses primarily on the first two goals. Recommendations for strategies to dismantle structural barriers and identification of specific barrier measures are included in other documents completed for this project.

Pittsburgh has changed tremendously in the past several decades. Economically, the city has converted from heavy manufacturing of steel and related products to focusing on finance and services, with a strong emphasis on health services. Change of this magnitude presents both opportunities and challenges. Workers prepared and able to benefit from new jobs and business openings will have many opportunities. But Pittsburghers who are not positioned to take advantage of the change may find it difficult to survive and advance economically. This study explores how structural barriers contribute to African American men's disproportionately poor positioning for advancement and how key stakeholders and other leaders can level the playing field while expanding access to economic opportunities for all.

We held two focus groups with African American men in Pittsburgh to explore their perspectives and experiences, and we interviewed 20 stakeholders from 14 organizations knowledgeable about employment, business development, and financial services opportunities in the region. Both sides described how paths to economic advancement are less open to African Americans than to more advantaged groups. Many respondents and focus group participants discussed how different social networks in the region confer resources and noted that some have actively excluded African Americans while others have done so inadvertently through practices that disproportionately affect African Americans.

City leaders appear to recognize that traditional ways of conducting business in Pittsburgh contribute to substantial racial disparities. We identify three distinct narratives about why the window of opportunity for change is now. First, the city wants to build a larger skilled workforce to fill positions as the region attracts more employers and industries. It needs all residents, regardless of race. Second, Pittsburgh has what stakeholders characterize as a “mid-level skills gap,” where employees have been on the job for either 40 or more years or less than 5 years. Third, younger workers drive the city’s interest in racial inclusion because these workers prefer to live in cities that better mirror the nation’s racial and ethnic diversity (Workforce Diversity Indicators Initiative 2015).

Several stakeholders identified intergenerational mobility as a major contributor to Pittsburgh’s mid-level skills gap and racial exclusion. Members of the white majority once held the best, most stable trade union jobs. They were able to use that economic security to send their children to college, opening up new opportunities for that younger generation. But many of those children did not return to or stay in Pittsburgh to contribute their skills and talents to the area’s changing economy. In addition, because many unions were reticent to extend opportunities to African Americans and were cited for racial discrimination up through the 1960s (Trotter and Day 2010), many African American children did not have the same resources as their white peers to acquire the skills now needed for the new workforce.

## Structural Barriers

Pittsburgh’s structural barriers to employment and business development opportunities are likely rooted in several factors: African American men’s relative geographic segregation and social isolation from critical networks, economic and other accumulated disadvantages (resulting directly from historically inadequate access to employment, education, and other opportunities), and present-day institutional practices. These conditions have laid the groundwork for sustained structural barriers. Geographic and social isolation have disproportionately hindered African American men from physically accessing many opportunities (such as jobs

and job training programs) and reaping the benefits of belonging to social networks with inside connections to jobs, information, resources, and business markets and capital.

The economic disparities between African Americans and whites in Pittsburgh are staggering. Among working-age (ages 18–64) men with at least a high school diploma or the equivalent, the unemployment rate between 2007 and 2011 for African Americans was over twice that of whites (12.2 percent versus 5.1 percent). African American men are also far more likely to have yearly earnings at or below the poverty level. These economic disparities help sustain racially disproportionate access to jobs and entrepreneurship opportunities. Structural barriers such as the expense of job training programs, online job applications (for men without easy access to a computer), and insufficient financial collateral to qualify for a business loan are very real for men who disproportionately struggle to make ends meet. Structural barriers stemming from accumulated disadvantages include limited exposure to jobs and job culture, which hurts men’s prospects for job mobility and higher lifetime earnings. Accumulated disadvantages also contribute to disproportionately lower exposure to the information, knowledge, and resources needed to start a business.

Our qualitative interviews also gave us glimpses into institutional practices that contribute to maintaining the racial status quo. With large employers drawing from a narrow and nondiverse network of contractors and recruiting potential new hires from a narrow and nondiverse talent pool, institutions continue to circulate valuable opportunities among potential employees with more advantaged access. Similar structural barriers play out among financial services institutions when investments are focused on select communities, while predominantly African American communities are deemed risky for investment.

## Conclusion

It is clear from the information we gathered that African American men in Pittsburgh face serious barriers to economic security and advancement. But with committed stakeholders willing to put new strategies and structures in place and to infuse resources into proven and promising programs, great progress is possible. We recognize progress will require a sustained effort involving multiple strategies designed to eliminate the impact of structural racism and the ongoing vestiges of past policies and practices that disadvantaged African Americans in Pittsburgh must contend with. Although disparities appear across a wide range of outcomes, this study focused on employment and entrepreneurship. Consequently, our recommendations focus on those two areas.



Across these categories, collecting data and related information to track progress toward dismantling structural barriers will be critical. Recommendations for enhancing the “data culture” in Pittsburgh in order to better track progress are presented at the end of the section.



# Introduction

Pittsburgh has changed tremendously in the past several decades. Economically, the city has converted from heavy manufacturing of steel and related products to focusing on finance and services, with a strong emphasis on health services. By March 2014, the top five job sectors in Pittsburgh, accounting for three-quarters of the labor share, were education and health services (21.2 percent of the labor share); trade, transportation, and utilities (18.5 percent); professional and business services (15.1 percent); government (10.6 percent); and leisure and hospitality (9.6 percent). Recent jobs reports for the Pittsburgh metropolitan statistical area (MSA) show consistent job losses in certain industries and steady growth in others. The area's leisure and hospitality industry, for example, has added over 1,000 jobs each year for the past three years; in contrast, the region lost 2,500 manufacturing jobs between September 2013 and September 2014, representing the 11th consecutive year of job losses in this industry.<sup>1</sup>

Change of this magnitude presents both opportunities and challenges. Workers prepared and able to benefit from new jobs and business openings will have many opportunities. But those workers who are not positioned to take advantage of the change may find it difficult to survive and advance economically.

Though economic disadvantage befalls people of all races and ages, young African American men have borne a disproportionate share of the burden of Pittsburgh's economic change. Although never fully equal, the well-paying manufacturing jobs that many African American men were able to secure with only a high school diploma (or sometimes less education) have virtually disappeared, leaving many men with few alternatives for adequately supporting a family. Although African Americans make up 11.4 percent of men ages 18 to 64 in Pittsburgh,<sup>2</sup> they are only 5.4 percent of the region's adult male workforce. Already a disproportionately small segment, they are further underrepresented in 13 of the region's 20 major industries, including areas like financial services (4.0 percent of male workers) and utilities (4.2 percent)<sup>3</sup> that are growing the fastest and tend to pay better wages. Within many important sectors, African Americans are heavily grouped at the bottom of the pay scale (Workforce Diversity Indicators Initiative 2015).

The seriousness of these disparities has prompted The Heinz Endowments, among other institutions and stakeholders in Pittsburgh, to examine barriers that disproportionately keep many African American men from advancing economically. Pittsburgh is not alone in turning attention to the barriers facing African American men and other communities of color. President Obama's call for national attention on boys and young men of color through his My Brother's Keeper initiative has provided a context for communities across the United States to examine the situation of boys and young men of color and to develop initiatives to improve their life

chances. To date, over 200 communities have accepted the president’s challenge to take action through program development and evaluation.

By accepting the My Brother’s Keeper Community Challenge, communities are agreeing to develop or expand initiatives to enable all children to achieve six milestones: enter school cognitively, physically, socially, and emotionally prepared; read at grade level by 3rd grade; graduate from high school; complete postsecondary education or training; obtain employment after completing schooling; and be safe from violent crime and have a second chance after involvement with the criminal justice system. The initiatives are to be developed based on community assessments of needs and priorities. The proposed solutions should be developed based on those needs and on evidence that the proposed approaches will generate the desired outcomes. Progress should be assessed periodically, and programs should be adjusted based on their impact on individual outcomes.

Although this Pittsburgh project began before the My Brother’s Keeper Community Challenge, it is consistent with and in the spirit of the initiative. It touches on two of the milestones: finding employment after completing schooling and having a second chance after involvement with the criminal justice system. This study assessed the situation and needs of high school–educated African American men in the Pittsburgh area. Through focus groups with African American men and individual interviews with other stakeholders, employers, and financial intermediaries, we have identified barriers African American men face in obtaining jobs or undertaking viable self-employment. The themes that emerged during this study point the way to strategies for reducing these barriers that might improve the economic outcomes of African American men.

When proposing solutions to improve life outcomes for African American men, some advocates tend to lean heavily on programs that focus on individuals. Fewer proposals tackle the broader systemic challenges these men face. Our study suggests that programs focused on individual “deficiencies” alone will not solve the economic problems young African American men face in Pittsburgh. And although such programs are necessary to make up for the disadvantages brought on by past barriers to opportunity, some individuals who have gained the skills and experience to fully participate in Pittsburgh’s economy still run into other barriers that are deeply structural—and endemic to many institutions and systems.

If Pittsburgh does not attend to the context in which African American men are trying to gain an economic foothold, structural barriers will continue to thwart men’s individual efforts. For real change, all community members need to acknowledge and knock down these systemic barriers that divide the region along racial lines.

We recognize that such a bold approach appears threatening to members of the society who may feel vulnerable to economic change and who worry that relinquishing privileges they have enjoyed through

advantaged networks will leave them worse off. But as several stakeholders noted, failing to move ahead will likely lead to regional disadvantage that will ultimately reduce economic gains for everyone. According to leaders knowledgeable about Pittsburgh's future economic prospects, this potential for reduced gains is possible if the region does not harness the working power of all its residents, especially residents who currently struggle for better access to opportunities.

# Study Concept and Design

In our study of Pittsburgh, we have focused on racial structural barriers that contribute to differences in African American and white men's access to economic opportunities. By *structural barriers* we refer to obstacles that collectively affect a group disproportionately and perpetuate or maintain stark disparities in outcomes. We describe this concept in more detail below and then discuss our study design and how we have organized this report.

## Applying a Structural Barriers Perspective

Structural barriers to racial equity help explain how racial disparities can persist in a society that has ended legalized racial segregation and holds "equal opportunity" as a core value. One sign of a community or society touched by race-based structural barriers is how its residents are stratified racially and economically. These barriers often result from what some scholars have termed "structural racism." According to a report by the Aspen Institute Roundtable on Community Change (2004), structural racism is

a system in which public policies, institutional practices, cultural representations, and other norms work in various, often reinforcing ways to perpetuate racial group inequity. It identifies dimensions of our history and culture that have allowed privileges associated with "whiteness" and disadvantages associated with "color" to endure and adapt over time.

Thus, the structural barriers perspective implicates policies, practices, and other norms that can perpetuate racial inequality. These practices and norms may not result from individual decisions or even institutional decisions made at the time of action, but from processes that favor the advantaged majority while disadvantaging marginalized populations of color. These structural barriers come from three sources.

First, past discriminatory processes and rules, such as legal segregation and housing discrimination, contribute to segregated communities even after discriminatory laws have been struck down. To this day, predominantly African American communities in Pittsburgh tend to be poorer with less access to such resources as high-quality schools and jobs (University Center for Social and Urban Research 2012). Access to fewer resources limits opportunities for many African American Pittsburghers.

Second, structural barriers are linked to accumulated disadvantages such as inadequate access to employment, education, and other opportunities that compound over time and across generations. Within a domain like employment, disparities affecting initial job access can produce widening disparities in earnings and job mobility. Across multiple domains such as education and employment, disparities in educational

resources and opportunities can result in persistent disparities in employment opportunities, access, and outcomes. These effects work their way through additional systems and domains, such as health, the criminal justice system, financial services, and housing.

Third, current practices and policies can perpetuate racially disproportionate access to resources. For example, an organization's hiring practices may include recruiting from certain networks or areas. Anyone outside those networks or areas would have a much lower chance of being recruited and hired for the job. Such practices can maintain racial disparities if such networks are racially segregated.

As the examples above suggest, geographic and social segregation or isolation can be a telltale sign of structural barriers. Geographic isolation blocks or severely hampers physical access to opportunities such as jobs and good schools. Social isolation blocks access to information or to the social networks that can connect people to opportunities. In our subsequent discussion we show how, on average, African American men in Pittsburgh tend to be geographically and socially isolated from many economic advancement opportunities, how people with resources keep and circulate their resources within their networks, and how people outside without a connection or bridge (i.e., disproportionately African Americans) remain without access.

Once in place, the power and danger of structural barriers are their ability to operate on their own until a community recognizes them, challenges them, and decides to build bridges to connect marginalized groups to gainful opportunities and resources. This study explores how policies and practices among Pittsburgh employers and financial institutions may contribute to racialized outcomes and what cities like Pittsburgh can do to begin repairing the stark racial divide.

## Tasks Undertaken

We began the study in January 2014. Our first goal was to document the racial disparity between African American and white men's access to employment, financial services, and business development opportunities in Pittsburgh. As explained in more detail in appendix A, we accomplished this goal by using large, publicly available data sources such as the American Community Survey (ACS) as well as aggregate local data collected and disseminated by various regional organizations and institutions (e.g., City of Pittsburgh Bureau of Police, Pennsylvania Police Department). At The Heinz Endowments' request, we focused on structural barriers that affect men with a high school diploma or more education.<sup>4</sup> Our second goal was to identify structural barriers by examining policies, practices, and norms that likely contribute to disproportionate outcomes by race. To accomplish this goal, we conducted qualitative work that involved structured conversations with knowledgeable people in Pittsburgh. We held two focus groups with 16 African American men to explore their

perspectives and experiences in Pittsburgh. One group included entrepreneurs, and the other group included men with diverse employment histories. We also interviewed 20 stakeholders from 14 organizations knowledgeable about employment, business development, and financial services opportunities in the region. Analyzing key themes from the interviews, our third goal was to recommend strategies that Pittsburgh's philanthropic community, its political leadership, and other stakeholders could adopt to begin dismantling stubborn structural barriers. Finally, we identified measurable indicators of some barriers Pittsburgh stakeholders could use to gauge the region's progress in reducing barriers over time. This report summarizes the findings from the data analysis, focus groups, and key informant interviews.

The 20 stakeholders we interviewed represented a mix of employer organizations, nonprofit community development and training organizations, supplier diversity-focused organizations, and government and quasi-government agencies (appendix A describes the types of organizations we targeted). We focused on several potential industries based on (1) the percentage of the African American male workforce employed in the industry (and how it compared with the regional percentage of African American men in the workforce, which is 5.4 percent), (2) whether African American men appear to be under- or overrepresented relative to white men in the industry, (3) whether the industry could provide an opportunity to explore other aspects of the study (financial services, business development), and (4) whether the industry has various entry-level jobs available for workers with a high school equivalent or more education. Because African American men are underrepresented in financial services and manufacturing relative to whites, overrepresented in some areas of the health sector, and employed at about equal proportions in retail, we focused on those four employment sectors.

Through an invitation letter from The Heinz Endowments we reached out to 21 organizations and were received enthusiastically by 14 organizations interested and open to sharing their perspectives on factors that likely affect African American men's access to employment and entrepreneurial opportunities. In the interviews we listened for common themes that illuminated critical barriers. We did not seek to capture all industries, barriers, or views, but to find and highlight some leading challenges. We asked representatives to discuss their organization's needs, expectations, and requirements, as well as any goals or strategies they would suggest to improve economic opportunities for African American men.

In general, the consequences of structural barriers can be easier to detect than the sources. On the employment side, our approach to identifying structural barriers was to speak to gatekeepers—that is, people involved in recruiting, hiring, promoting, and training prospective employees. We also spoke with organizations and individuals involved in training and/or placing individuals in jobs. On the business development and financial services sides, we interviewed representatives from organizations involved in financing and supporting entrepreneurs to understand their practices, policies, and the considerations they



make about risk, cost, and efficiency when providing capital to or investing in businesses. Because structural barriers are often inadvertent, we examined how the described policies and practices might affect geographically and socially isolated communities. We consider barriers structural when they satisfy any of the criteria defined in box 1.

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#### BOX 1

##### Types of Structural Barriers

1. A practice, system, or policy that helps maintain advantages and disadvantages by race.
  2. An obstacle—experienced disproportionately by race—that even an enterprising, knowledgeable, and intelligent member of the disadvantaged group would have trouble overcoming (e.g., equitable interest on a home mortgage, hiring practices that rely on referrals from current employees).
  3. A practice, system, or policy that creates physical isolation and requires a “disadvantaged” individual to have something (e.g., an automobile) before he or she can get something else (e.g., a job in a distant community).
  4. A practice, system, or policy that relies on individuals—disproportionately by race—having resources that others do not have or cannot access (e.g., home equity to use as collateral, a high-resource community with better schools and job opportunities).
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## Organization of the Report

We begin this report by describing the position of African American men in Pittsburgh from data and interviews. We present statistics on racial disparities and key points stakeholders and African American men raised about discrimination and racism in the region and how that context continues to shape men’s access to economic opportunities. We also report common themes stakeholders raised about why efforts to increase African American men’s inclusion are so urgent now.

In the subsequent sections we discuss structural barriers and their consequences for African American men. We start with an overview of barriers to economic advancement and describe how geographic and social isolation lead to exclusion from critical social networks. Following the overview, we focus on employment and themes from the interviews about structural barriers that disproportionately disadvantage African American men looking for work or seeking promotion. We next turn to business development and financial services and common themes about barriers that disproportionately affect African American men when they attempt to start or grow a business.

In the last part of the report we suggest strategies to improve access to economic opportunities for African American men in Pittsburgh.

When we started our work we delineated three aspects of access to economic opportunities: access to jobs, access to resources to start and grow a business, and access to financial services. Although financial services can cover topics ranging from banking products and branch locations to predatory lending and financing for business, when we asked managers from financial institutions to describe challenges they see for African American men accessing financial services, the conversations tended to move straight to business financing. Given the overlap between business financing and business development, we discuss the two together.

# The Economic Position of African American Men in Pittsburgh

Pittsburgh has been rated the most livable city in the United States (The Economist 2011), but research depicts two very different cities.<sup>5</sup> Employment, homeownership, neighborhood and school quality, and quality of life differ starkly for African American residents and non-African American residents, most of whom are white.

African American men in Pittsburgh and across the country face wide educational, occupational, and financial disparities compared to white men. These disparities coupled with disproportionately high contact and disparate treatment within the criminal justice system make their efforts to advance economically especially challenging.

African Americans have always struggled for economic inclusion in Pittsburgh, dating back to the early days of industrialization. This fight for jobs and acceptance intensified as African Americans' numbers grew with the first wave of the Great Migration in the early 1900s (Trotter and Day 2010). Legal fights for fair treatment, equal access to housing, neighborhoods, education, and jobs have shaped Pittsburgh's history and its segregated landscape today.

For African Americans the quality of life in Pittsburgh leaves much to be desired (University Center for Social and Urban Research 2012). Below we provide statistics on the disparities in employment, income, homeownership, and community resources that remain. We also describe what stakeholders and African American men told us about present-day racism and discrimination in the region.

## The Data

Working-age (18- to 64-year-old) African American men in Pittsburgh are far less likely than white men to be employed. Among individuals with at least a high school diploma or its equivalent, the unemployment rate from 2007 to 2011 was 12.2 percent for African American men and 5.1 percent for white men. That sobering statistic is the difference between a community with 1 in 20 men unable to consistently support themselves or their families and a community with 1 in 8 men in that predicament. Fewer than 6 of every 10 African American men in Pittsburgh over the age of 16 had any earnings over 12 months in recent years.<sup>6</sup> Among those with employment income, one-third had personal earnings under \$12,500—or roughly the poverty rate

for one person. Two-fifths would not be able to support a partner and one child above the poverty level of approximately \$18,000, and less than half made enough to support a spouse and two children above the poverty level (more than \$25,000). Two in five African American men in the region live in low-income households compared with one in six white men.

Homeowners are typically at a financial advantage over renters, and their homes are a potential means for building wealth. African Americans lag far behind whites in homeownership rates—a situation, like employment and income, tied to structural barriers. Only 36.5 percent of African American households were living in owner-occupied dwellings in 2013, compared with 73.9 percent of white households.<sup>7</sup> African American men also appear to have more difficulty accessing home purchase credit. In 2013, the home purchase loan denial rate for African American male borrowers in the Pittsburgh MSA was two times greater than that for white male borrowers (37.3 and 18.4 percent, respectively).<sup>8</sup> Similarly, the Pittsburgh Community Reinvestment Group's 20th Annual Mortgage Lending report, which also uses Home Mortgage Disclosure Act data, states the mortgage loan denial rate in “substantially minority (>50 percent) census tracts” in Allegheny County was 46 percent in 2012, compared with 21 percent in nonminority census tracts (Rue 2014).

In the eyes of Pittsburgh's financial institutions, African Americans are a greater financial risk for loans based on the average lower value assigned to their homes and communities. These perceptions and economic realities translate to severe wealth and resource disparities that would be hard to combat without focused and deliberate action. As a result, many African American men enter the economic race behind the starting gate, making catching up all but impossible.

Without the comparable equity and resources in their homes and communities, it is harder for many African American men to access and build capital for starting a business than it is for white men. In many of the men's communities, which are also segregated, it is harder to hear about, locate, and access job opportunities. Such disparities are well documented in several recent reports about Pittsburgh (Center on Race and Social Problems 2007; University Center for Social and Urban Research 2012; Workforce Diversity Indicators Report 2015). We also heard about them firsthand from African American men and other stakeholders.

# Experiences of African American Men

The pervasive disparities between African Americans and whites in Pittsburgh were not unknown to study participants. Focus group members and many interviewed stakeholders spoke candidly about persistent racial issues in Pittsburgh, including a long history of segregation and prejudice. Segregation, exclusion, and even unbalanced media coverage (The Heinz Endowments 2011) have contributed to a region that firmly holds negative stereotypes about many African American residents.

## “Hard-Wired Stereotypes”

Stakeholders from different organizations and industries gave similar accounts of predominantly African American communities in Pittsburgh: that they were isolated from white communities and from each other and that the isolation further divides African American and white residents. Residents’ social networks are very insular. As a leader from one civic organization noted, isolation and limited resources help fuel negative stereotypes:

There are some really hard-wired stereotypes here . . . if you are born into a certain status, you have your established network. No need to bring in anyone else. Some of this thinking comes from being isolated. There is a real aversion to risk. . . . There are some pockets of African American communities, but not like other places—the diverse community is very spread out and fragmented. Therefore we do not know where each other are.

Focus group participants also characterized Pittsburgh as a very divided city; African Americans do not always feel comfortable visiting or working in certain communities considered to be highly prejudiced. Men talked about holding jobs that brought them into predominantly white neighborhoods where they would call ahead to let people know to expect them. One person recounted a memorable early work experience:

After one month or two months in [the job that involved door-to-door sales] I had to call them first to let them know since they couldn’t tell [my race] from my voice. I knocked on doors [and the doors] weren’t open. [I] knocked on doors, [and] police [were] called. Got in once and [the homeowners] were nice to me, but when I got back to the office they’d called and said if you send someone like that again [curses].

Other men in the focus group confirmed that many neighborhoods are still like the one described above.

## Racial Inclusion as an Economic Threat

Stakeholders also described Pittsburgh as racially divided and even racist. One person said candidly, “Pittsburgh as a whole is still considered a very racist town, and so when you think about races you think about power and the ability to stop and prevent [African Americans from accessing jobs].”

Focus group participants were also highly attuned to these racial dimensions of power, threat, and access. They described why racial disparities are so prevalent and which people they perceived are most threatened (past and present) by a changing economic landscape that could foster genuine access to economic opportunities and better racial inclusion. The men also discussed Pittsburgh’s political landscape and how having few African American leaders or prominent community members may contribute to a defeated mindset.

Focus group members and African American and white stakeholders alike stereotyped many working-class whites in Pittsburgh as fearful of losing their economic advantages and therefore withholding opportunities from African Americans. In contrast, wealthier whites historically have felt less threatened economically and have instead benefited from recruiting African American workers—for example, as strikebreakers during industrialization (Trotter and Day 2010).

Focus group members such as this man suggested that these class dynamics still play out today.

When I get help from Caucasian people, [it’s] the wealthy whites. You’ll get help. Like when Henry Ford brought people up from the south. The people threatened were the people who didn’t have the skill sets. In Pittsburgh the working-class people in power are the ones who had to fight against black people for jobs.

Another person added,

Now [with] the working class white folks [you’re] running into obstacles—they control the industries, and that’s a hard nut to crack.

Several participants noted the conspicuous lack of African Americans in powerful positions (such as politicians, government officials, or heads of major corporations) and that the community has not experienced the same level of success and influence in Pittsburgh as in other cities. Some of the men believed this situation may feed a mindset that keeps many African Americans from envisioning greater opportunities for themselves. As one focus group participant said,

There is a box that affects the African American community that is so strong and so subtle. It begins to take an effect and they feel they can’t get any further. I’d talked to certain people and people from Pittsburgh would say “you can’t do that” and I’d say “what do you mean I can’t do that?” I came from [another city] and had a black mayor [and saw many other African Americans in prominent positions] and this [Pittsburgh] is different.

## Pittsburgh Pride and Potential

Despite the city's challenges, several men, particularly African American entrepreneurs, described Pittsburgh with pride and love and as a place with great potential. One described Pittsburgh's historic Hill District as the "Black Mecca of Pittsburgh" as he recalled its history and why he was proud to be born and raised there. The two quotations below characterize themes we heard: ties to community, desire to uplift struggling residents, and confidence in the city's opportunities.

Connection with community is something that will never be separated from where I am. If I always live in Pittsburgh I will always have a home in this [particular] community . . . I know the potential that is there, and people need to see something positive.

Another entrepreneur added,

[I] love the area where [I'm] from. Love Pittsburgh. [I] see a lot of potential here. Talk about resources, in Pittsburgh we have a lot of opportunity. I'm originally from [another large urban city], but there's so much more opportunity in Pittsburgh to really build something.

Given Pittsburgh's large racial disparities, we asked focus group participants what the city needed to do to become more equitable. Several men emphasized the need to increase networks and bridge divided communities. Others spoke about the opportunities available in such an active philanthropic community. Several stakeholders felt now is a prime time to work toward better inclusion, but focus group members and other stakeholders alike recognized change would take work, including changed mindsets and dedicated commitment.

## Why Now: Themes from Interviews about the Perceived Urgency for Better Inclusion

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*The work that is there is too critical, and this window of opportunity is very small. The foundations or any funders or organizations that have the ability to influence and urge have to take on a sense of urgency; if we don't take advantage of this window, the resultant deprivation will consume this community. The strife that will occur as a result of continued deprivation will put us all at risk.*

*—Community stakeholder*

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Despite Pittsburgh's history and ongoing racial challenges, stakeholders consistently stressed why efforts for better inclusion are so critical now. First, the city wants to build a larger skilled workforce to fill positions as the region attracts more employers and industries. It needs the full participation of all residents, regardless of race. Second, Pittsburgh has what stakeholders characterize as a "midlevel skills gap," where employees have been on the job for either 40 or more years or less than 5 years. Third, younger workers drive the city's interest in racial inclusion because these workers prefer to live in cities that better mirror the nation's racial and ethnic diversity (Workforce Diversity Indicators Initiative 2015).

Several stakeholders identified intergenerational mobility as a major contributor to Pittsburgh's midlevel skill gap and racial exclusion. Members of the white majority once held the best, most stable trade union jobs. They were able to use that economic security to send their children to college, opening up new opportunities for that younger generation. But many of those children did not return to or stay in Pittsburgh to contribute their skills and talents to the area's changing economy. Because many unions were reticent to extend opportunities to African Americans and were cited for racial discrimination up through the 1960s (Trotter and Day 2010), many African American children did not have the same resources as their white peers to acquire the skills now needed for the new workforce.

Several study participants mentioned how thousands of jobs were lost when Pittsburgh's powerful steel and manufacturing industries collapsed in the 1980s. African Americans suffered especially during that



massive downturn. More recently, though, the city's economy has turned a corner. Pittsburgh is now experiencing a different problem: emerging jobs and a shortfall of skilled workers to fill them.

For the first time in years the city does not need to divide a shrinking pie of economic opportunity. Instead, the pie is growing. But many stakeholders recognize continued growth depends on having a solid labor force that draws on the entire community. As one stakeholder explained,

We not only need to attract and retain people, but we need to make sure that everyone in the region who can and wants to work has the education and training to do that. I think the message from an economic perspective is we have no people and no children to spare if we want our economy to remain strong and be diverse. [We] need to close that [racial] gap.

The same stakeholder added, "We're one of the least diverse cities in the nation."

Another respondent said "sustainable practice" drives employers' interest in diversity. A respondent from an intermediary organization concluded,

[Pittsburgh is a] very old community and it's aging rapidly, so traditional-sector jobs are aging beyond average pace. Recession slowed [the] retirement process a bit, but there's this manufacturing, construction, utility very old [workforce] and [we] simply don't see having enough young talent to offset retirement. On top of that, youth talent might not be interested in these jobs.

Other respondents described a longstanding debt and failure to address the inequality and noted the region can now right a wrong and take advantage of its current opportunity to transform its urban communities.

The city of Pittsburgh and the surrounding area is really transforming itself with urban development, and unlike suburban development, it presents a unique opportunity for disadvantaged and underserved communities to really transform itself and correct a host of ills that have historically beset urban America. As for us . . . the last real renaissance of opportunity for people of color ended in 1981, with the abrupt decline and devastation of the American steel industry. When you look at that in its entirety and its implications over the last 30 years, what is about to occur and is occurring presents a real unique opportunity to confront those ills here in metro Pittsburgh.

Despite general optimism, some stakeholders were skeptical about the region's capacity to address its racial divide. Many participants acknowledged large employers and other key stakeholders have talked about increasing diversity over the past several years but noted they have not made great actual strides. At least one person pointed out that "diversity" now includes so many groups (including people of different sexual orientations, people with disabilities, and older workers) that many employers use that broadness to resist special focuses on African Americans and African American men in particular.

# Barriers to Economic Advancement

Two structural barriers that exclude disadvantaged groups from opportunity are geographic and social isolation. Because networks are developed among neighbors, friends, and colleagues, people who are unable to join those networks find themselves without the information and connections to find out about and access opportunity. Pittsburgh residents endure a high degree of isolation that was readily acknowledged by many of our study informants.

## Geographic Isolation

Of the 50 US metropolitan areas with the largest African American populations in 2010, Pittsburgh was the 17th most segregated (Logan and Stults 2011). That year, the region's black-white index of dissimilarity—the percentage of a given minority group (in this case, African Americans) who would need to move in order to be equally distributed with whites across the region—was 63.1. Though values above 60 are considered very high, the decrease in Pittsburgh's index of dissimilarity from 73.1 in 1980 demonstrates that the city is becoming less segregated. Yet Pittsburgh, like many US cities, continues to experience high levels of residential segregation, partially as a result of income inequality and housing discrimination (Spivak and Monnat 2013; Turner et al. 2013).

Extensive research points to the lasting consequences of persistent neighborhood segregation. The most important of these consequences in terms of long-term economic outcomes is disparities in local education systems. Residential segregation and school segregation are highly correlated (Clark and Maas 2012; Frankenberg 2013), and segregated schools are associated with low educational attainment for minority students (Goldsmith 2009; Quillian 2014). In addition, schools serving high-minority neighborhoods often experience resource deficiencies, including high student-teacher ratios, fewer highly qualified teachers, and fewer advanced placement courses to prepare students for postsecondary education (Rawlings 2015).

Anecdotal evidence from respondents we spoke with in Pittsburgh suggests schools in largely African American communities are often labeled or characterized as deficient or low-performing simply because of their location, not necessarily because these schools' test scores or other performance indicators are low (though at times these factors may also play a role). In turn, employers seem to view diplomas from those schools as inferior, thus creating a disadvantage for well-qualified graduates searching for employment.

Although inequality in Pittsburgh's formal elementary and secondary education system is not a focus of the current study, the long-term implications of educational disparities cannot be overstated. Further, an

understanding of the existing inequality in that system serves as an important backdrop for any strategies to expand economic opportunity for African American men and boys in the region through other, less traditional systems.

The lasting effects of residential segregation go beyond the disparities it generates in the school system. Several focus group participants and key stakeholders commented on how the geography of Pittsburgh physically divides people and communities, often preventing African Americans from connecting with other people who live in different areas. As one focus group participant said, “Despite the fact that Pittsburgh is literally the city of bridges, people aren’t connected.” Several participants also noted that African Americans were not welcome in many communities, closing them off entirely from employment and entrepreneurship opportunities in those areas.

Residential segregation also serves as a barrier to economic opportunity by limiting the social capital of African American men and boys. Social capital, particularly trusted networks and social connections, plays an important role in securing employment opportunities, accessing financial services, and starting or growing businesses. According to some estimates, 40 to 50 percent of jobseekers find their jobs through other people (Chapple 2006; Granovetter 1995); social ties may play an even more central role in the job search among low-income individuals (Green, Tigges, and Brown 1995; Trimble and Kmec 2011). Because someone’s networks are often limited to individuals in the same neighborhood, race, or class, the social and geographic segregation experienced by minority and low-income job seekers can block knowledge of and access to employment opportunities. It can also affect someone’s access to business contacts that can facilitate contracts and access to financial resources.

## Exclusion from Important Social Networks

Informal networks and social connections are an important part of finding and securing jobs and business opportunities. They enable job seekers and entrepreneurs to learn about opportunities and to be vouched for by people with connections to both parties. For young people and those who might be new to entrepreneurship, social networks also transmit information about unwritten rules and practices that facilitate access and enable individuals to advance. When someone is left out of networks with such opportunities and information, it is more difficult for him to get his foot in the door or to even know what door is open.

Throughout our interviews stakeholders described how social networks in Pittsburgh were critical to advancing economically. Employers relied on trusted networks when hiring, and business owners relied on

trusted networks when learning about and negotiating contracts. From an employer’s standpoint, tapping into known networks makes good business sense. When reflecting on how prospective applicants hear of job opportunities, one employer noted,

Something that we don’t necessarily manage . . . [is] that our employees are our ambassadors in talking to family members, friends, [and] neighbors about opportunities here. We get a lot of great referrals through that type of thing.

When describing the importance of social networks, a participant in the entrepreneurship focus group commented,

The folks who feel comfortable with the people they go to church with or are in the hunting or gun club with, it’s a good fit and they are going to invite that individual to do business. There’s a huge relationship gap. We may not have the opportunity to sit at the same seat.

Standard reliance on social networks may appear benign, but these networks can be impenetrable structural barriers for anyone without access. Working African American men described learning about specific job opportunities from recruiters or others they knew. They talked about the importance of “word of mouth” in Pittsburgh and noted that posted jobs were often already filled or slated to be filled by someone employers had selected before posting the position. “A lot of times [employers] already have their relatives and friends positioned for that position,” one participant observed. The consequence, which may seem advantageous to a single employer because the company does not have to do as much independent checking on a candidate, can be devastating to a community on the periphery struggling for access.

For men disproportionately locked out of these networks, losing opportunities to people within an unspoken inner circle is difficult and discouraging. One stakeholder and community advocate put it bluntly,

[African Americans] have to move to the nontraditional methodologies that whites use that [whites] don’t talk about—mentoring and coaching. The same way [whites] bring their siblings and relatives in, is the same thing that our community needs. But [whites] don’t relax those standards with us. They historically do it with their own kind, and then they tell us that our people aren’t qualified.

Like this stakeholder, several others noted that because Pittsburgh is still a largely segregated city the resulting social isolation creates disadvantages for African American men seeking economic opportunities. Participants in the focus groups and key informant interviews further indicated that race plays a factor keeping them out of certain networks. Specifically, they felt that in Pittsburgh, whites have traditionally held certain jobs and business prospects, and they appear reluctant to share those opportunities with African Americans.

One open and key question regarding social isolation is whether institutions and individuals in power (i.e., whites) are willing to broaden their social networks to include African American men. Many participants believed such inclusion was not likely, although we heard examples to the contrary from African American

men and gatekeepers alike, and with very good outcomes. More comments were like the following, however, often expressed in discouraged tones. When referring to African Americans succeeding in the Pittsburgh finance industry, one stakeholder observed,

There are hundreds of middle-aged white men in management [who] do not necessarily care for or want to hire or promote black men. If you excel, someone who is white had to have given you the shout; the rest of them will just stand there and block you.

This theme was also particularly prevalent when discussing African American men's access to unions or organized labor and apprenticeships. Several individuals noted that training opportunities are often available only to people in certain networks that African American men have not been able to tap into. Although this lack of opportunity was often framed as racial discrimination, such outcomes flow naturally from a structure in which racial groups are isolated geographically and socially; not surprisingly, those with better contacts turn to those they know for jobs and other economic partnerships.

A second open and key question regarding social isolation is whether Pittsburgh has enough African Americans in management positions to serve as brokers and gatekeepers for better inclusion. The overwhelming perception is that this is not the case and that additional strategies are needed to open doors at all levels.

Creating or maintaining privilege was not seen solely through a racial lens, however. Several key informants also pointed to a community of successful African Americans in Pittsburgh that has been hesitant to let others in, whether they are from Pittsburgh or new to the region. This hesitancy not only deters local African Americans from trying to break into this established community but also may contribute to young, diverse talent leaving the region.

There is an old guard, a good old boys' network in the African American community that doesn't want anything to change. It wants to protect their kingdom regardless of how deteriorated and poverty stricken their kingdom is.

If these stakeholders' impressions about an "old guard" of African Americans blocking access are true, then Pittsburgh's need to reevaluate social networks and privilege crosses all communities.

In the subsequent sections we describe structural barriers to employment and business development in more detail. Table 1 shows our framework.

TABLE 1

Structural Barriers to Employment and Business Development

Employment	Business development
<ul style="list-style-type: none"> <li>⊕ Access to job training and preparation                             <ul style="list-style-type: none"> <li>○ Cost of training (time and money)</li> <li>○ Lack of information about the world of work</li> </ul> </li> <li>⊕ Recruitment, hiring, and promotion policies                             <ul style="list-style-type: none"> <li>○ Cumbersome application processes</li> <li>○ Recruiting from the same old networks</li> <li>○ Little diversity among hiring managers</li> </ul> </li> <li>⊕ Lasting effects of a criminal record</li> </ul>	<ul style="list-style-type: none"> <li>⊕ Access to management knowledge, experience, and exposure</li> <li>⊕ Access to markets and business connections</li> <li>⊕ Access to capital                             <ul style="list-style-type: none"> <li>○ Disparities in lending and funding practices</li> </ul> </li> <li>⊕ Access to knowledge and information exchange</li> </ul>

# Structural Barriers to Employment

A fundamental of economic security is the ability to obtain a job that pays a living wage and advance within one's occupation over time. Although access to networks is important, African American men in Pittsburgh face other barriers to well-paying jobs. In addition to barriers brought on by discrimination and both geographic and social isolation, we explored themes from interviews around core structural barriers tied to job access. Specifically, we examined barriers to preparation for job opportunities and barriers inherent in recruiting, hiring, and promotion practices among employers in different industries in Pittsburgh. Although some of the differences in employment rates for African Americans may relate to training or knowledge gaps, many of these barriers hamper already qualified individuals from obtaining suitable employment.

## Access to Job Training and Preparation

In today's workforce, a high school diploma is often not enough for a well-paying entry-level job or a skilled craft position. Additional formal training, which can take place in postsecondary institutions, apprenticeships, or other training programs, is often necessary. Many of these programs involve skills training and connections to jobs. However, accessing these programs can be costly. And moving trainees and apprentices into the workplace often depends on the intermediary's links to employers and the intermediary's ability to provide the trainee with valued information on the needs and standards of prospective employers. Although Pittsburgh has training programs and workforce intermediaries that can serve these purposes, the information we gathered suggests the systems work imperfectly for African Americans.

### Cost of Training

Pittsburgh's African American men are far more likely than the city's white men to live in poverty. African American men are also more likely to be unemployed, even when they have the same levels of formal education as white men. African American men disproportionately experience unstable employment and often hold jobs that do not provide family-sustaining wages. Within this context, training and intermediary organizations play critical roles in connecting men to meaningful employment. But a common barrier we heard from organizations and African American men alike was the toll of inadequate income and immediate life expenses on men's ability to take advantage of opportunities.

Various barriers may prevent African American men from accessing alternative training opportunities, despite the availability of many such programs and services in Pittsburgh. Many focus groups participants and interview respondents pointed out that it is costly to enroll in programs that can help African American men develop skills, and they expressed a need for more affordable, quality services. Several stakeholders also acknowledged that low-income African American men face difficult trade-offs as they juggle training or skill development opportunities with what one respondent described as “the urgency of now”—that is, bills and other immediate expenses. Pressing financial need makes it very difficult for those men to quit a low-paying job to get training when there are no financial resources, income, or savings to pay the bills or support their families.

Because of the time or financial investment required to complete a training course or obtain a certification, many individuals struggling to make ends meet will not pursue such opportunities. One interviewee noted that in response to the challenges of “how [potential clients] are going to keep the lights on, how they are going to pay for their basic needs and services, and [access] transportation,” his training program tried to increase participation by offering stipends to cover young men’s living expenses. The program has not yet seen enrolment increase. Many similar programs likely face the same obstacle in reaching large numbers of men who would benefit.

Confirming these cost-associated challenges, an African American man described day-to-day financial burdens, such as rent, child care, and living expenses, as “grown men responsibilities” that don’t allow people to “take nine months [off for a training program],” despite the fact that training at a trade school or acquiring a professional license (e.g., plumbing, electrical) can cost far less than a college degree and is likely worth the investment. Even at costs below college tuition, men without the financial capacity to forgo or cut back on work and pay for the training will not take part. For low-income men, cost can be an insurmountable structural barrier.

## Lack of Information about the World of Work

Social and family networks provide individuals with critical information about how the world of work operates, what the normative standards of behavior are, and what individuals need to do to prepare for a specific job. When people are not connected to these networks, they miss information that is more difficult to obtain in other ways. It appears that in Pittsburgh, many African American men may be penalized in several ways as a result of geographic and social isolation.



In addition to the cost barriers (both the time costs and financial costs) that may prevent African American men from accessing certification and training opportunities to make them competitive candidates for jobs, several respondents agreed that many African American men with less exposure to the world of work may be ill prepared to succeed in either the workplace or a training program. In particular, not having “workplace role models” impeded learning about what is expected in these environments. This lack of role models may feed into and perpetuate attitudes that “you’re not likely to succeed beyond what your parents did,” a perception several key informants and focus group participants alluded to as a barrier for some African American men.

If you come from a family and live in a community that has never shown you those opportunities—even just career days and stuff like that—you just don’t know what is out there. So in some ways exposure is one of the barriers just because they haven’t had that.

Further, this limited exposure may disproportionately hamper young African American men compared to young white men from developing the “soft skills” (e.g., timeliness, listening skills, conflict resolution) that prepare them to navigate the workplace more successfully. Employers and individuals from training institutions noted these skills are becoming increasingly important in their search for qualified job candidates. To mitigate this lack of exposure, respondents from several training and intermediary programs emphasized the importance of teaching soft skills in addition to the technical, job-specific competencies in training programs.

African American men also may be unaware of the changing skills they need for certain jobs or the available opportunities to gain these skills. One interview participant reflected on social capital and how it contributes knowledge for job seekers:

A lot of jobs are new. And jobs keep changing, so if you are surrounded by people who aren’t even in the workforce, or who are working in low-level, entry-level, or low-skill jobs, you’re not even aware of all the opportunity that’s out there, and what you might need to get the skills for.

Workplace intermediaries that help people access jobs and sometimes also provide training can bridge some of the gaps in knowledge. Some stakeholders described differences across the Pittsburgh region in training and intermediary organizations’ connections to employers and understanding about what employers are looking for in new hires. We asked one stakeholder knowledgeable about Pittsburgh’s various job training providers about providers’ capacity to tap job opportunities for jobseekers. The stakeholder remarked, “There’s a lot of work to be done. . . . There are a lot of efforts, but not as much efficiency. [Providers] are committed to help people, but don’t necessarily have the right skills and resources to help the community.” Although many programs do very well, this stakeholder added, it is difficult to track or even know much about the quality across different workforce development providers.

Intermediaries also provide employers with information about job seekers; they essentially vouch for them by documenting their ability to perform the job for which they have applied. However, this system is apparently not sufficient to convince many employers that African American men can bring the skills needed to the jobs at hand. At least one respondent commented that employers want diversity but then hold stereotypical prejudices about men's abilities. One stakeholder described a surprised employer whose incorrect assumptions were disproved.

We had the summer program, it was an internship where at-risk youth were given jobs. High schoolers, 95 percent African Americans, girls and boys. They went through our programming throughout the year and they had to go through interviews and they had to be ready. We secured the placements, but the employers would have to hire them. They went through an interview process. And when you hear at the end of the six weeks, "Oh, I did not know . . ." And it was just sort of . . . they didn't finish the sentence, but it was "I did not know African Americans could have this kind of skill." And they [employers] ended up hiring a bunch of them because it was sort of an easy win to get diversity in the door. But they were like, "I did not know they have skills." How are you going to change that thinking?

We negotiated with one union to have [name of intermediary organization] select its candidates, and 10 out of 15 were African American and the whole cohort completed the training. They were calling once a week to ask how we did that. They said that this is what they want. Trainers were happy, and employers were happy because all they want is quality applicants. Apprenticeships usually continue on the job. You can keep your standards; [you] just need to rethink the way you recruit.

## Recruitment, Hiring, and Promotion Policies

Negative perceptions and stereotypes toward African American men continue to present barriers to employment even when individuals are fully qualified for the available positions. Historically, discrimination and racism played a role in the ability of African Americans to join unions and access union jobs. The employment focus group and several training organizations, in particular, gave examples of unions and contractors excluding outsiders and refusing to train African American men with certain skills to prevent them from taking jobs away from white workers. Still today, respondents commented on how African American men are perceived within the community and how this negative image is a significant barrier to accessing employment opportunities:

It's gangs, it's drugs, [and] violence . . . [Pittsburgh] needs help in rebranding and changing perceptions. African American can work toward better skills, but it is up to the majority community to be more helpful and [to] change their mindsets.

Many respondents we interviewed expressed similar concerns about the image of African American men in the community and how this image contributes to discriminatory practices in hiring. However, individuals also pointed to the many less overt barriers African American men face in accessing employment

opportunities. Certain organizational practices, such as the ways organizations recruit talent, hire new employees, and promote individuals, may represent structural barriers that disproportionately hinder employment opportunities for African American men in Pittsburgh. Through interviews with potential job seekers and employers in the region, it was evident that individuals within the organizations we spoke with were aware of many of the hurdles created by some of their policies and that some organizations are actively dismantling those policies to promote diversity and inclusion.

### Cumbersome Application Processes

Employers noted they may be able to reduce barriers and potentially attract more diverse candidates by changing the job application itself. Employers and potential job seekers reported online applications are cumbersome and difficult to navigate, creating barriers for individuals who may not have the luxury of time to navigate complex systems. One employer described her organization's lengthy application as one of their biggest weaknesses and "not very user friendly." In her words, "It doesn't matter if you have a high school degree or a master's degree; there are people that have difficulties just completing it. It's very lengthy." The fact that many applications can only be submitted online presents another barrier for individuals who may not have in-home Internet and are unable to access a workforce development office or other venue with appropriate and timely Internet access.

### Recruiting from the Same Old Networks

From the perspectives of both employers and individuals looking for work, several interviewees observed that employers often go to the same pools to recruit applicants and are often "hesitant to try something new" when it comes to hiring.

They go to the same pools, the same people, every time. And it is the same people who have been at the manager level for 20 years, who go and find the same people, and the cycle just continues.

Employers emphasized that sometimes the "algorithm" qualifications, such as whether the applicant has a college degree, relevant work experience, or certain specific skills for a position, take precedence over diversity or a candidate's potential to grow into the position. According to one representative of an intermediary organization, "One challenge we see is that the whole structure of recruiting argues against giving more people without exact skills a chance."

This practice may partly stem from the large number of applications received for certain entry-level positions and the need to find a cost-effective way to identify promising applicants. However, as one interview respondent noted, “You can’t tell an algorithm to get diverse candidates; the only way to get a diverse pool is to have a diligent recruiter do that. Then you have to use proxies....So you need a hiring manager who is giving the recruiter time.” However, several individuals also commented on how this use of algorithms may be changing, either because having diverse employees has been recognized as a priority from the business perspective (e.g., seeking to mirror the community or clientele the businesses serve) or because more emphasis is being put on nontraditional employment credentials. This shift is leading some organizations to use other types of assessments. In reflecting on the hiring practices of their organization, one employer echoed this sentiment and alluded to the ways in which the organization has begun looking beyond “traditional credentials”:

We do a great job of assessing against qualifications: Do you have the education? Do you have the experience? [These are] the things that employers have traditionally looked at. But I also think we recognize that that isn’t near enough to identify someone who’s going to be successful in a role.

Several employers also acknowledged the role of unconscious bias in recruiting and hiring practices and noted internal initiatives designed to raise awareness among individuals making hiring and promoting decisions. One employer representative described a pattern she witnessed in the recruitment process in the following way:

So when you go out and recruit, you recruit the people who look just like you. People who have commonality just like you. You can’t see beyond who you are in some cases ... So, if you have a recruiter who is trying to push [for a candidate to be hired], are those biases that are showing up?

This respondent, along with other employer representatives we spoke with, highlighted a significant effort to disseminate information on diversity and inclusion throughout all levels of her organization. These ongoing efforts include training managers who make hiring decisions “to help people understand biases they may have” and making diversity a performance objective to hold teams and managers accountable.

### Little Diversity among Hiring Managers

Several employers noted a lack of diversity among their upper management staff, suggesting this lack may contribute to fewer African American men gaining high-level positions within organizations. Some respondents attributed this lack of diversity in high positions to a reluctance to hire diverse talent directly into these positions, a lack of advancement opportunities for current African American employees, or both.

Employers observed that diverse leadership and leaders who prioritize diversity appear to be missing at all career levels and that this lack creates a barrier for hiring diverse talent, both because hiring managers are not expressly looking for diverse job candidates and because strong candidates of color may be reluctant to seek positions in such organizations. When asked about ways their organization could facilitate diversity at all levels, one employer commented, “We are not focused on growing a diverse management talent here in the way that we need to be...until we change that, I don’t think we’ll be able to change much.”

Employers also touched on difficulties African American men may face once they are employed by an organization and are seeking to advance to a higher position. One respondent observed that African American men might not receive the same type of training and mentoring from their managers that other employees do, and therefore are not as well-positioned to advance to higher levels in the organization. Thus, the respondent suggested that getting middle management to participate in the practices of diversity and inclusion is just as important as engaging organizational leadership at higher levels. Several respondents also highlighted the importance of ensuring all employees in an organization are aware of possible career trajectories and possibilities for professional development and continual learning, regardless of where they sit in the organization.

## Lasting Effects of a Criminal Record

Research has highlighted the many ways in which having a criminal record may interfere with various aspects of obtaining economic success—for example, by limiting one’s ability to secure employment and obtain loans (Decker et al. 2014; Vallas and Dietrich 2014). According to the Society for Human Resource Management (2012), over two-thirds (69 percent) of employers in 2012 reported conducting criminal background checks on all job applicants, citing the need to reduce risk of legal liability for negligent hiring and to ensure a safe environment for all employees. However, some employers may use background checks as screening tools to easily filter through large numbers of applicants (Vallas and Dietrich 2014).<sup>9</sup> In an analysis of the impact of various levels of criminal justice system involvement (e.g., ever arrested, ever spent time in jail, ever spent time in prison, on parole) among hypothetical job candidates, Decker and colleagues (2014) find that employers generally see individuals with criminal records as less employable and often associate applicants’ criminal histories with problem behaviors such as tardiness, absenteeism, and substance abuse problems. This study also found that among the characteristics often stigmatized in the hiring process (e.g., having a GED instead of a high school diploma, long-term unemployment), an applicant’s criminal record most negatively affected one’s employment chances.

Extensive research highlights the disproportionate rate of criminal justice system involvement among African American men in the United States, and men of color in Pittsburgh are no exception. Data made available online from the City of Pittsburgh Police Department indicate there were 7,736 total arrests of African American men (of all ages) during the 2013 calendar year. This number makes up over half (55.5 percent) of all male arrests in the city of Pittsburgh during that year. Although these data include repeat arrests of the same person, it is important to consider that African American men make up only 11.4 percent of the male population (ages 18 to 64) in the Pittsburgh MSA. The disparity in rates of criminal justice involvement among African American men and the profound long-term effects of a criminal record on young men's future prospects were discussed in the focus groups and alluded to in several key informant interviews. The lasting effects of a young man's criminal background in securing employment opportunities were especially prevalent in our conversations with employers and individuals from training institutions.

Participants in the employment focus group discussed how getting "tagged" by the criminal justice system for past criminal activity (even as juveniles) creates a significant barrier to men seeking employment, as employers have a legal excuse for not hiring them. One participant stated,

The prison system is a situation you're in, so once you've been tagged, and that's what I call it, being tagged, discrimination is now legal for them. For me it just seems like you roll as many as you can through that system and you take a whole block out of the running for very gainful employment. How is that perpetrated? Why is it that way? We don't know, but there has to be something done about that.

One employer noted that depending on the nature of the industry and the type of work the applicant is seeking, the consideration of criminal backgrounds in a hiring decision may vary. Reflecting on his firm's own hiring practices, one employer from the health services industry commented, "We're far more conservative as it relates to hiring people with criminal backgrounds than other organizations simply because of our need to create a very safe place for our patients." This statement highlights the variation to which criminal backgrounds may play a role in employment across industries; as federal or state law may prevent companies or organizations in some industries (e.g., health services, working with children, some financial services jobs) from hiring any individuals with previous criminal justice system involvement.

Beyond serving as a disincentive in employers' hiring decisions, an individual's involvement in the criminal justice system may also bar his access to certain credentials or resources that aid employment. Several interview respondents noted having a criminal background may make it difficult or even impossible to obtain a driver's license, without which a person is immediately disqualified from delivery positions or other employment that requires driving. Some apprenticeship jobs through local unions also require a driver's license to access. State laws regulating licensing in some fields or professions may also keep individuals with criminal records from obtaining legitimate employment within that area. According to Pennsylvania law,

occupations that require a license and in which a licensing decision may legally be affected by a previous conviction include barbers, accountants, taxi drivers, and various medical professionals, including nurses, physician's assistants, and athletic trainers (Community Legal Services 2014).

Interestingly, one respondent suggested too few employers recognize the hidden assets and drive many individuals with criminal backgrounds have to succeed. When asked what characteristics distinguish his most successful job-training candidates, he noted, "It's not about who will be good [at the technical skills taught]... it's about who is waving the surrender flag. It's those guys that don't want to sit in a cell again."

# Structural Barriers to Business Development

A successful business enterprise is based on three core ingredients: management, markets, and money (Bates 2011; Chen and Stevens 1984). If an entrepreneur lacks one or more of these assets, the growth and long-term viability of the company is at risk. Data on the financial situation of African American men in Pittsburgh and the information gathered from interviews and focus groups indicate potential African American entrepreneurs in Pittsburgh are seriously disadvantaged in all three areas.

## Access to Management Knowledge, Experience, and Exposure

Social isolation and structural barriers have prevented many African Americans who aspire to business ownership from acquiring the necessary skills and experience. Respondents spoke about men's poor access to business knowledge and how insufficient experience and organizational capacity affect men's ability to acquire capital and start and run a successful business. As one lender commented, "Some people just aren't prepared—don't have the bandwidth or been in business long enough." These challenges can hurt African American men's ability to manage their businesses, obtain capital, and capitalize on business opportunities. Several respondents emphasized the importance of addressing this issue in order to improve African American entrepreneurs' chances of securing contracts and business opportunities. When asked to describe obstacles that may impede start-up success or get in the way of African American male business owners growing and developing profitable enterprises in the greater Pittsburgh area, respondents mentioned lack of the following as possible obstacles:

- ◉ direct experience in the field or industry related to the business,
- ◉ management and leadership experience as employees,
- ◉ organizational capacity and infrastructure to successfully manage the scope of the work, and
- ◉ formal business training and ability to develop a sound business strategy.



One corporate supplier diversity representative commented,

Another thing [many African American businessmen] don't do well is develop, brand, and market—that is something that I see is [a] major issue. We have to prepare them to get them ready to present their products. They have to understand that you can't circumvent the process. We have to help them become more business savvy. They come and just don't understand. I don't want to hear that they can't afford a computer; there are the things that they have to do. We don't have to do anything. Perform on that contract and show up when we ask you to. We don't need anything else. You perform and when we are showcasing you, you need to be there.

A respondent from another organization that works closely with minority businesses said,

Outside of deciding what certification they want to do, and then making sure that they have the business experience, having the knowledge to run a business, this is the other barrier. Business experience, but if you don't know how to run a business then it's going to be tough. So the business experience, it is important.

Respondents discussed some factors that might contribute to this inexperience among African American businessmen. One factor was the availability and accessibility of intermediary organizations that can provide assistance or training. Several respondents commented on the paucity of organizations and services in the greater Pittsburgh area that can assist African American businessmen.

No, I don't know one organization here that helps people start small businesses. That said, the University of Pittsburgh has a small business administration office on site, and they have folks that are geared to helping the small business get started; that is who I went to first. I have been in business before (for someone else), but when you go by yourself, marketing, branding and game plans—they were very helpful.

This respondent went on to explain that he learned about the services provided by the University of Pittsburgh only after running into a fellow entrepreneur who happened to be a graduate of the university. In his assessment of the services he stated, "They were pretty good. They put together business plan, marketing plan, equipment to manage the books, tax returns, etc." Likewise, focus group participants agreed that having training or guidance is helpful, but they noted that it is costly to enroll in programs that can help them develop skills or build their organizational capacity and expressed a need for more affordable, quality services.

Another explanation for African American entrepreneurs' inexperience is the lack of networks, particularly business role models and mentors, in African American communities. Access to and participation in social networks could provide African American businessmen connections to other businesses and learning opportunities. However, the low rates of African American entrepreneurship in the Pittsburgh area can make it harder for African American men to find mentors to help them learn how to successfully start and operate a business or navigate business connections and networks. One respondent said, "Not being exposed to that environment where that is an option to go and start your own business and be your own boss. That is missing." Another respondent added, "And the bandwidth is also limited because they don't really learn the

technical skills to bid on projects in an appropriate way. So they end up just falling into a gap and doing mom and pop activities.”

## Access to Markets and Business Connections

In general, African American businessmen have fewer networks that can help them acquire important organizational resources (Oyelere and Belton 2013; Stiles and Galbraith 2004; Wang 2011) and connections to customers, both individual buyers and business contracting. From an organizational standpoint, social networks and connections are valuable assets that can help a business obtain necessary resources, reach its goals, and produce positive returns (Adler and Kwon 2002; Lin 2001). Social networks and connections refer to a range of formal or informal arrangements. In general, formal networks refer to contractual agreements and collaborative or joint business ventures, and informal networks tend to emerge from personal contacts with acquaintances, such as customers and suppliers. The benefits gained from having strong social networks and connections can include better access to certain markets, resources, supply chains, and business opportunities. For example, a focus group participant explained that his exclusion from certain markets and networks causes him to pay a higher price for his materials than his white competitors, which means his bids for jobs are higher than theirs. Because this business owner does not have the financial assets and resources to support a lower bid, he has lost out on projects.

Respondents frequently highlighted the importance of having personal contacts and social ties and how these connections are critical to starting and growing a business.

Some people think that having a certification is all they need, [but] it is just a starting point. Last Tuesday we were at a program here that was held by all the different city agencies for MWBE [Minority and Women-Owned Business Enterprise] certifications. We were just participating, we didn't do a program, but were there to meet people and talk about our services. I think it is a tool for a business, but it is not the end all be all. So it is important if you qualify that you still do the same amount of networking and marketing to get the opportunities.

Respondents not only discussed the importance of networks, they offered opinions on why African American businessmen in the greater Pittsburgh area are often unable to access certain networks and connections. Some respondents viewed race as a key factor and expressed the view that lingering racism perpetuated through negative perceptions and portrayals of African American men in Pittsburgh was a barrier that prevents them from accessing certain networks. Respondents stated that in Pittsburgh whites have traditionally held certain business prospects and appear reluctant to share those opportunities with African Americans. The focus group participants spoke candidly about pervasive racial issues in Pittsburgh, including a long history of segregation and stereotyping. The presence of these issues was reflected in the group

comments on the different rules and views that seem to prevail in Pittsburgh, as well as negative perceptions of black-owned firms. A few participants gave firsthand accounts of the way long-established Pittsburgh networks compete and negotiate for construction contracts and how efforts by newcomers and black business owners to compete in the industry have been sabotaged.

Networks provide access to business opportunities in that having certain connections can help a business to identify customers and obtain contracts. African American businessmen without access to networks miss important opportunities for making sales, gaining profitability, and expanding beyond a small niche market. The entrepreneurs participating in this study emphasized the importance of social connections and noted that deliberate or inadvertent exclusion hurt their businesses financially. If a business does not have good prospects, then it is unlikely to be able to get the financial capital to expand. These focus group participants spoke about restricted access to certain markets and the perception that one African American business in a particular market is enough. As one participant remarked, “People can’t get in their mind that [more than one] black company is doing something. They think it is duplication. They usually have one ‘go to’ [black] organization.”

Another African American man who is putting his own money into his business shared that he has been able to secure paid projects by networking with a white-owned business. However, this participant added he had to prove himself worthy of the work and that he networks with the business owners in their environment, where they feel safe.

This issue also came up in several interviews. An entrepreneur with capital and a successful business talked about the difficulties faced when trying to gain access to more lucrative markets traditionally dominated by white-owned businesses: “The dynamic in Pittsburgh is interesting. White folks just won’t give you a shot at all unless you know somebody who knows somebody; I am fortunate to have those connections.”

Focus group participants and interview respondents observed that African American businesses are not shielded from negative perceptions in their own communities. As one participant explained,

I have to deal with stereotypes in the community and even in the black community. Amongst the blacks they will think blacks can’t do the job and will take it to the white man. I’m trying to fight that within the black community. We’ve been inbred to think that black men can’t do certain jobs. They think that white people do it better. I can keep prices down low and they [white businesses] can’t beat my prices. I’m trying to get the black community to believe that I can do the same quality work. I have to cross that barrier within my own community.

In addition, respondents generally agreed that the way neighborhoods and communities are geographically structured in the Pittsburgh area makes it difficult for African American businessmen to establish important networks and connections outside their communities.

Geography and sector can be key factors that limit access to business customers, as well as influence social networks and connections. Because small businesses in particular tend to market their products and services locally and regionally, they are more likely to rely on relationships with customers, funders, and peer and larger businesses that are geographically concentrated within their own community or neighborhood. In talking about his clientele, one small business owner shared that his customers are primarily “neighborhood clients that watched me grow up and who I watched grow up. Because of the area my business is in, a lot of people don’t like going there. Sort of limits myself.” Minority businesses are commonly confined to their respective communities, selling products to customers of the same race or ethnicity, but more profitable business development opportunities are found outside these segregated communities. Negative perceptions of black-owned businesses can work against these men if they try to expand outside their neighborhoods or attempt to access certain markets or networks from which they have traditionally been excluded. One participant shared his strategy for expanding his business outside his community by marketing his business to other areas.

I want to get a good grip on them before going outside [to other communities]. I want to get a foundation started in my own community. I just branched out marketing to the south side, but I need to build trust in my own community, then I can step off in other areas. I may not be able to cross that barrier because of color issues and the fact that I don’t have a store front.

Several respondents explicitly identified the segregated and divided nature of the Pittsburgh area as a factor that keeps African American businessmen from developing both formal and informal social networks and connections. As is the case with employment and other economic issues, segregation and social isolation mean African Americans have much less access to business prospects and markets.

## Access to Capital

Access to capital is crucial to starting and maintaining a successful business. Limited ability to obtain capital was commonly mentioned as an important barrier inhibiting the formation and growth of African American male-owned businesses in Pittsburgh. Studies have shown the amount of start-up capital is a strong predictor of business success (Bates 1997; Fairlie and Robb 2008). Lack of capital creates obstacles that can impede prospective entrepreneurs who want to start a business or grow their operations. Although African American businessmen may turn to financial services firms for assistance, research shows a lending gap not only exists

between minority- and white-owned firms in general, but is considerably greater for African American business owners in particular (Britton 2005; Oyelere and Belton 2013; Wang 2011).

Our interview data suggest that one reason African American male entrepreneurs in Pittsburgh disproportionately lack access to capital may be their limited personal assets. Personal assets can be a fundamental resource in financing the creation and growth of a small business in that much of the financial capital used to start businesses comes from the personal assets of the owners themselves. However, potential African American entrepreneurs in the greater Pittsburgh area are less likely than their white counterparts to own homes or have retirement savings that can leverage outside capital. Because they are also more likely to earn lower wages, it is more difficult for these individuals to acquire and build their personal savings and assets. As a result, African American businessmen are more likely to need significant financial assistance from area lenders and funders to support their efforts. But because lending and financial services groups typically require businesses to possess personal assets that can serve as collateral and have personal equity in the business to be qualified for funding, African American businessmen without these assets are often denied loans or subjected to more stringent and costly lending agreements. Essentially, the lack of homeownership and relatively low financial net worth of African American men limits what they are able to borrow. This problem becomes a vicious cycle, because African American men's lack of equity through business ownership contributes to perpetuation of wealth inequities.

Focus group participants raised the issue of financial resources being concentrated among whites and how that affects their businesses. But they also discussed the importance of social networks in providing access to both capital and markets. Implicit in this claim is that African American men generally do not come from communities of capital, and they rarely have the personal and professional networks from which they can obtain funds. According to an Urban Institute report (Turner et al. 2013), African Americans are less likely to inherit money and, when they do, they inherit less. As two respondents who work closely with African American businessmen commented,

I think it's just to generalize, but [it's] because they don't come from communities with capital. Capital follows capital. White entrepreneurs in general have more resources. A lot will come from family and friends, that's the first place people usually go. There are studies about the availability of capital in black communities, and it's lower. Today's [state] of race [relations] in the US is an expression of long institutional racism and poverty, so capital is not in the communities we are talking about. Also, credit scores. Studies show that for the same credit score it's harder for African Americans to get a loan. A credit score is not even enough to overcome the barriers we are talking about. Some will go quickly to credit score but I think it's a deeper problem. Racism is alive and well despite CRA [Community Reinvestment Act] and battles against redlining.

So you think about existing business owners that really look for the growth, but they may not have the connections or ability to get favorable terms with other individuals. They don't have the same collateral; they don't have the same network.

Studies have shown that African Americans are less likely than whites to have family members or friends from whom they can borrow start-up or equity capital (Bates 2011; Fratoe 1988). Consistent with this literature, African American businessmen in the greater Pittsburgh area are extremely limited in their ability to raise resources within their own communities as these areas are typically absent or excluded from the formal and informal networks that can supply financial and other resources. Without access to adequate capital and other necessary resources African American businessmen struggle, and in many cases fail, to own and operate successful businesses.

## Disparities in Lending and Funding Practices

The interview data reveal disparities in lending and funding practices targeting African American–owned businesses that affect African American men and their ability to access money and capital. Respondents raised several concerns and described experiences that illustrate how area lending practices can decrease the ability of African American men to start and grow their organizations.

Respondents talked about the difficulty many African American businessmen face in meeting the application requirements of many financial services lending programs. Because African American men may not have the personal assets to invest in their business, their success depends heavily on their ability to obtain seed money and working or expansion capital from financial services firms or other funding organizations. As personal assets play a key role in a business owner’s ability to negotiate the terms and amounts of a loan, lack of assets often places African American businessmen at a disadvantage and forces them to operate with less than optimal capital. One financial services lender explained the problem this way:

When you get to the whole business of how come African Americans have trouble starting businesses, it is because they are not homeowners. Most small businesses start with a home equity line of credit, or they leverage some property that the bank finds of value. Poor blacks don’t have any home equity. Take the people who get loans—they typically get an FHA mortgage loan. That is 3 percent down, so it is 97 percent loan to value. There is really no additional value that would incentivize a bank to lend against that because the collateral is weak.

Another respondent who works closely with minority-owned businesses stressed the difficulty of obtaining adequate capital.

Sources of capital. If you do not have collateral and have a poor credit score, the chances of you getting financing are slim to none. There are some programs—you may speak to [name of a nontraditional lender in Pittsburgh] during this process—and they have provided some capital, but again they have specific limits. So when we start looking at this issue, I see that as one of the number-one hurdling blocks. If you are held against a traditional credit score, held against a traditional collateral analysis, these people are not going to be able to move forward.

Additionally, respondents expressed concerns about the ways traditional lending and banking institutions make decisions and how these decisions result in less than favorable results for African American businessmen. The decision to extend credit and capital is often subjective. Typically factoring into a lender's decision are the borrower's personal assets, collateral, and the strength of a business plan. But even when they have collateral and a solid business plan, African Americans are more likely to encounter negative results such as higher borrowing costs, smaller loan amounts, different lending terms and requirements, or denial of their loan applications. One respondent noted,

I have three very influential African American clients in town, and when they approached the bank, they needed capital from the bank. The denial was that "We like you, but we are not going to give you that money." [They] smile in your face and tell you that, no real explanation as to why. I have seen the banks here give similar small business loans to white males in abundance.

Participants in the entrepreneurship focus group also discussed how access to financial capital is a significant barrier. Some of the men felt that as African Americans they were required to pay higher interest rates or have higher down payments even when they had good credit ratings. In some cases difficulty accessing financial capital was related to the location of the business. For example, one participant described how borrowing challenges are compounded when the business is located in a predominantly African American neighborhood. He explained he wanted to buy commercial property in a predominantly African American community, yet despite his good credit he could not get an affordable mortgage loan, so he eventually accepted one with a high interest rate. Later he was informed he was part of a class-action lawsuit against this bank for charging higher interest rates to African Americans and Latinos than to white borrowers.

Several respondents mentioned that a history of discriminatory lending practices continues to create barriers for African American businessmen in Pittsburgh. The exaggerated stereotypes or perceptions of the risks associated with lending money to African American businessmen were mentioned often. These perceptions may stem from lack of knowledge of the likely income stream or other prospects for success because lenders are not familiar with the entrepreneur or the market he is proposing to serve. This lack of knowledge may reflect the isolation that exists between communities.

As a way to combat this barrier, some respondents commented that African American businessmen should consider financial intermediaries other than traditional lending through banks. As indicated in the comments below, a small number of financial intermediaries in Pittsburgh have adopted more flexible underwriting standards that enable them to grant loans to African American businessmen who might not be granted loans under traditional banking standards and requirements. A staff member at one of these community-development financial institutions described his organization this way:

Yes, there is wide variety in the plans, and we look at them largely the way any lender would, knowing that we have a higher risk tolerance and the desire to help the entrepreneur that can't be entirely

funded through the private sector or traditional means. Is it a sound business idea? Is there a market? Is there collateral? Is there character in the applicant? The typical things that the bankers look at—4 Cs. We do not replace the bank, we work in conjunction with the bank, so we will make the introductions to our lending institution partners, we shop around the project if the borrower doesn't have a bank. So we fill in the gap. But we still want to see private capital, still want to see minimum of 10 percent equity, but then we can fill the gap up to 60 percent (don't like to go that high but we can).

Our standards are just on the edge of what a bank will do, but more flexible. . . . There are lots of ways that from a customer's point of view that we are better than a bank. We are a high-risk lender. Our balance sheet is structured to allow that to happen. That's how we know if we are meeting our mission. A lot of our work occurs after the loan is approved to keep track of payments and making sure things are going okay, communicating with businesses that are having problems, even bringing in a small business development center or our own training center to help the business owners.

Foundation program–related investment funds are another potential source of capital, but some respondents asserted these funds are not used to the degree needed and possible.

I have been in conversations with other foundations . . . and it is my mission . . . to make sure that I address those pockets of the most need. I have seen from the funders in the city—the foundations—an unwillingness to help African Americans. I mean a reluctance to fund organizations that are primarily African American. And this is not hearsay—this I heard with my own ears. Appalled, disgusted, but that is the reality here. And I have seen both sides.

As I have been in meetings with the foundations that don't want to lend here or there, it is amazing to me when I hear a foundation say, "Well, we don't want to take that risk." [T]hey can put in the seed money. It is a business jargon that I cannot believe comes out of their mouths. They don't want to take the risk and want return on investment. Their return on investment should be return on social equity. It is mind blowing to me . . . very disappointing for me; they talk the talk but don't walk the walk.

## Access to Knowledge and Information Exchange

Lending practices are not the only obstacle to accessing capital that African American entrepreneurs may face. Our respondents also mentioned African American businessmen's limited knowledge and experience with financial lending practices. In general, African American businessmen are less likely to have financial experiences that can enhance their knowledge of how to navigate lending practices or capitalize on their assets in ways that could help grow their businesses. One respondent provided several examples about how African American entrepreneurs often lack this type of knowledge.

I have been a consultant for people trying to get a loan, I have helped people manage their debt. These are African American couples who just don't know what their white counterparts know because they have never had the benefit of a financial planner or are too proud to reveal [their] finances. They might have all of the trappings but cash poor because they are just living from one credit card payment to the next. So I work with those kinds of couples to help them improve the quality of their property. One couple in particular had a small business that went under, but they refused to miss a payroll, and they got all of these credit cards to not miss the payroll. They were paying like 35 percent interest



rates on this, but they had a beautiful home, and it didn't occur to [them to] get home equity line of credit. This was an African American couple that had some resources but didn't have the financial knowledge to realize that. Even that shows the disparity of what you know because of race.

Interestingly, respondents also referred to financial intermediaries' and lending institutions' limited knowledge and experience working with African American communities. The concern was that they are unaware of the needs and possibilities for successful businesses in these areas and miss out on strong and financially sound investment opportunities. Some respondents noted banks and other financial intermediaries do not develop relationships that could benefit both their organization and African American male entrepreneurs. One reason stakeholders cited for not pursuing these opportunities was a shortage they perceived of African American staff at lending and funding organizations. The African American entrepreneurs we interviewed commented that the boards of Fortune 400 and 500 corporations and area foundations are predominantly white. This group also stated that the program staff at many of these institutions lack understanding of the complex issues African American communities face. Other stakeholders provided similar feedback.

Macro-level there's a lack of minority decision makers that would be culturally sensitive to their challenges and thus have mitigated their ability to have access into bigger contracts.

This woman couldn't get funding from the foundations because they said she didn't have capacity. What do you mean? She has an MBA, she has been in business for 20 years with clean, unqualified audits by the same respected accounting firm, and they [the foundations] say she doesn't take her organization to the next level. I said, there is no next level—there is just the next cohort of young African American men . . . who need some guidance [that this business provides].

However, a few lenders are making the effort to build relationships with African American businessmen. The examples below illustrate how having knowledge of the issues and challenges facing African American men allowed these respondents to develop products and practices that help to break down some of the barriers.

Now we have had some products that we have created where we lend 100 percent, but 3 percent on \$60,000 isn't going to give you a lot to start a business. So we have products where we will lend up to 100 to 125 percent of the value as collateral to start a business. That I think is one of the biggest deterrents—there isn't homeownership here for African Americans, so they don't have the collateral to start.

Our strategy, and I think it is the right one, is that you have to go talk to entrepreneurs and build a relationship. If capital is needed and trust is there then capital will move from [the name of the financial services organization] to them. Not a lack of strategies. Simple basic business development . . . we look for people that can go out and create that communications and start those relationships. People that can strike up relationships, can reach across boundaries, institutional boundaries of money. Finding the right staff. First you have to decide to address this segment of the market, get the right capital, and be willing to take on this increased risk and find the right people.

# Conclusions

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*“When you’re stuck in a 40-foot pit and there’s really only one way to get out, [and it] is for someone up on top to throw you down the line and begin to pull you out. That’s all I can say right now. It’s going to take an effort. We can get into reparations, but it’s going to require some minds to change that are in control of things and to really reach out and really want to see the ones down in the pit pulled out.” – Focus group participant*

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## Strategies for Change

From the information we gathered, it is clear African American men in Pittsburgh face substantial barriers on their path to economic security and advancement. But the city can make great progress if its leaders are willing to try new strategies and infuse resources into both proven and promising programs. A suitable framework for putting African American men on a pathway to success must eliminate the impact of structural racism and ongoing vestiges of racially based practices on African American men’s employment and business prospects.

Progress will require a sustained effort involving multiple strategies. Although disparities appear across a wide range of outcomes, our focus in this study has been employment and entrepreneurship. Consequently, our recommendations are built around those two areas and concentrate on geographic and social isolation, economic and accumulated disadvantage, and institutional practices. Effective strategies should attend to the physical, geographic obstacles that make sheer access to job opportunities or to business markets for African American entrepreneurs disproportionately more challenging. Plans for addressing social isolation should focus on how men learn about jobs and ways to build better networks that connect men more directly to training and job intermediaries and employers. African American entrepreneurs would benefit from greater opportunities to connect to and build professional networks and knowledge about financing and financial services.

Strategies for tackling economic and accumulated disadvantage should reflect the reality that African American men often come to the playing field at an economic disadvantage directly resulting from past and current discrimination. Job training and business development providers should make realistic accommodations for a man's financial circumstances and understand how accumulated disadvantages can limit a person's ability to take part in their program activities. Programs should be positioned to help alleviate, and not exacerbate, those barriers.

Finally, specific institutional practices can reinforce structural barriers. We have focused on large private employers and financial institutions and have suggested that policies and practices can have unintended consequences that perpetuate the city's sizable racial divide. Such institutions should examine how the ways they recruit employees, select contractors, staff their recruitment teams—or in the case of financial institutions, hire and incentivize loan officers and assess credit worthiness—contribute to remarkable hurdles for many African American men. Once institutions recognize these barriers they should develop strategies and policies to address them.

In a separate brief we have developed recommendations that begin to address the inequities of structural racism. Below we provide two examples related to business development and employment.

One of the most important factors in establishing and supporting diversity in employment is setting expectations and holding people accountable. An organization in Pittsburgh has taken an essential step in this direction by making diversity and inclusion an institutional commitment and making it count in performance evaluation.

[We want] to make sure that everybody in this organization understands what it means to be inclusive, what it means to practice dignity and respect. I mean some of the things that are just really basic but often are not right in front. It's actually now part of everyone's performance review at the end of the year, so it's embedded in every employee's expectations. And [we have] had some very tactical trainings as it relates to managing your behavior and building a culturally competent workforce.

Several factors are known to be important in helping entrepreneurs start and grow viable business enterprises, and the structures needed to support these outcomes are weak in Pittsburgh. Obtaining the inside knowledge, capital, and market connections have been extremely hard for many African American men. In the course of our study we found several efforts, although small and insufficient to meet demand, that appear to lower barriers for African American entrepreneurs. These efforts include programs that provide coaching and technical assistance to new businesses and a corporation that helps some of its minority contractors improve their performance and increase their business connections.

This supplier diversity respondent described some of the firm’s training and mentoring efforts as follows:

We invite companies, but when we have training programs they have to be registered. We also have MWDBE [Minority, Women, and Disadvantaged Business Enterprise] initiatives where we have focused on minority-owned businesses, most being minority men. We do that extra mile. We meet with them and develop a plan, help them go to the next level relative to their business. We have done some things like provide assistance, capital equipment, mostly providing them with opportunities to grow [their] business, may have special training events for them, help navigate, help them sustain partnerships with us. It has been beneficial.

## Promoting Effective Use of Data

As mentioned above, reducing structural barriers and increasing opportunity for African American men in Pittsburgh will require a number of efforts and a different array of programs over time as the dynamics of the situation change. An important part of such a multilayered plan to reduce racial and ethnic disparities is measuring progress. Effective measurement is especially important when there is a long way to go toward achieving equity. Measuring program performance is essential to ensure individual programs are effective and that the composition of activities is appropriate for moving toward desired goals.

Pittsburgh is well-positioned to track progress in dismantling structural barriers, a necessary component of continuous improvement. The metropolitan area already has what one interview respondent described as a “robust data-gathering community” that could easily serve this purpose. Information on important measures of economic well-being, including outcome measures such as employment, homeownership, and prevalence of minority-owned businesses, is important to gauge whether strategies undertaken to address structural barriers have been successful.

However, some of the important barriers to economic success identified in this study do not have easily accessible data sources with which to measure progress over time. For example, as one financial services representative noted, although information on banks’ commercial lending practices and related data is publicly available, it is accessible only by obtaining the information from individual banks in the region. Efforts to encourage collaboration across institutions could increase access to this important information. Further, some of the structural barriers described above do not have any data or directly related information that is being regularly collected (e.g., measures of access to social networks). Working with the research community to develop proxy measures for these barriers and include them in locally administered surveys (of which Pittsburgh has several) may be an important first step to building the knowledge base on these important barriers.

Finally, although many of the challenges faced by African American men in Pittsburgh are unique, numerous existing data dashboards or other indicator systems may be useful for comparing Pittsburgh's conditions to the conditions of other similarly sized metropolitan areas. Drawing on these data sources could help the Pittsburgh community to track its own progress toward dismantling structural barriers and to compare progress with and learn from other regions with similar goals.

# Appendix A. Study Methods

Data collection for this report consisted of three distinct processes undertaken by the Urban Institute research team between August 2013 and December 2014. These data collection phases consisted of (1) the selection and compilation of publicly available measures and indicators to characterize access to economic opportunity for African American men and boys in the Pittsburgh region, (2) two exploratory focus groups with African American men to reflect on barriers to economic advancement in employment and entrepreneurship, and (3) interviews with stakeholders from major Pittsburgh industries, financial institutions, and supplier diversity organizations about pathways to employment, financial services, and entrepreneurship. Each of these three phases is described below.

## Compilation of Baseline Data

This phase of work involved the compilation of a set of indicators and measures to profile the economic situation for African American men in the Pittsburgh area and to provide a baseline against which to monitor progress made toward dismantling structural barriers. This process began with a scan of existing national and local data sources to identify what data were already being collected, analyzed, and disseminated publicly. The key indicator domains included demographics and family characteristics, housing and neighborhood characteristics, education, physical health, transportation, and crime. The specific measures selected from these domains were then categorized into two major groups: barrier indicators and progress indicators. Barrier indicators are used to identify and track disparities in access to factors associated with economic opportunity; progress indicators are to be used as measures of whether new strategies to dismantle structural barriers are successfully improving the economic outcomes for African American men. A third set of indicators, consisting of regional economic characteristics, was used to describe the overall economic landscape in Pittsburgh. These three indicator categories, the specific measures they include, and their data sources are presented in table A1.

TABLE A1

## Indicator Categories and Their Specific Measures and Data Sources

Indicator	Subcategory	Specific measure	Data source
Progress indicators	Educational attainment	④ High school diploma or equivalent	ACS, through IPUMS
		④ Bachelor's degree	
	Employment	④ Employment rate	ACS, through IPUMS
		④ Unemployment rate	
	Low income	④ Families with incomes below 200% of the federal poverty level	2008–12 ACS
		④ Proportion of households receiving Supplementary Nutrition Assistance Program benefits	
Homeownership	④ Living in owner-occupied dwelling	2007–11 ACS; 2012 ACS	
Racial segregation	④ Index of dissimilarity	Brown University's US2010 Project	
Barrier indicators	Transportation	④ Proportion of men who use public transportation to get to work	2007–11 ACS
		④ Car ownership rate	
		④ Median travel time to work	
	Health	④ Rate of any chronic disease; self-reported "fair" or "poor" health	2012 Behavioral Risk Factor Surveillance System (Selected Metropolitan/Micropolitan Area Risk Trends)
		Criminal record	
	Neighborhood safety	④ Rates of violent, property, Part 2, and total crime by city-defined neighborhoods	University of Pittsburgh Center for Social and Urban Research; 2010 US Census
	School quality	④ School-level demographics	Pennsylvania Department of Education's School Performance Record
		④ Dropout rate ④ Number of Advanced Placement classes offered ④ Average SAT scores	
Access to credit	④ Home purchase loan denial rate	Home Mortgage Disclosure Act data retrieved from the Pittsburgh Community Reinvestment Group	
	④ Mortgage loan denial rate in "substantially minority (>50% census tracts)"		
Regional economic indicators	Distribution of male workforce	④ Distribution of white and African American male workforces, age 16 and over, Pittsburgh MSA	US Census Equal Opportunity Employment tabulations (2006–10 ACS); North American Industry Classification System
		④ Total number of employees in each industry	

In the interest of creating indicators and measures that can be easily updated regularly, we used data drawn entirely from existing data collection efforts and online data analysis tools. The majority of the data came from the American Community Survey (ACS), an annual census of the American population administered by the US Census Bureau.<sup>10</sup> The ACS was selected for this study because it contains many of the economic, social, and demographic indicators of interest and there exist several online analysis tools that can be used to easily update these calculations over time. One such tool is the University of Minnesota’s Integrated Public Use Microdata Series (IPUMS-USA), a set of publicly available ACS samples designed for flexibility in analyzing the social and economic characteristics of specific subpopulations and geographic areas (Ruggles et al. 2010). Because of the large sample size included in the 2007–11 five-year ACS sample, we were able to restrict our analysis to the population (African American men, ages 18 through 24, with a high school diploma or GED) and geography (Pittsburgh MSA, Allegheny County, or the City of Pittsburgh) of interest.<sup>11</sup> As we were particularly interested in identifying any racial disparities that emerged in the data, we looked at the status of similarly aged white men in addition to that of African American men.

To supplement the ACS, we used additional national and local data sources to obtain estimates for indicators of interest for men broken out by race. These sources and the specific measures derived from these sources are shown in table A2 and include the

- ⊙ Behavioral Risk Factor Surveillance System,
- ⊙ Bureau of Labor Statistics, Current Employment Statistics,
- ⊙ Home Mortgage Disclosure Act,
- ⊙ Pennsylvania Department of Education,
- ⊙ Pittsburgh Bureau of Police, and
- ⊙ University of Pittsburgh Center for Social and Urban Research.



TABLE A2

## Additional National and Local Data Sources to Supplement the ACS

Data source	Specific measures
Behavioral Risk Factor Surveillance System	Self-reported health status
	Rate of chronic disease
Bureau of Labor Statistics, Current Employment Statistics	State employment
	Area employment
	Hours worked
	Earnings
Home Mortgage Disclosure Act data retrieved from the Pittsburgh Community Reinvestment Group	Loan denial rates
Pennsylvania Department of Education	Pennsylvania school performance records
Pittsburgh Bureau of Police	Total arrests
University of Pittsburgh Center for Social and Urban research	Total crime rate
	Violent crime rate
	Property crime rate
	Part II crime rate

Given restrictions in data availability, the data from these sources are not sufficient for drilling down to the specific population and geographic regions of interest using publicly available data and online analysis tools.

## Focus Groups with African American Men

The second phase of data collection involved two focus groups with African American men in Pittsburgh, both of which took place in July 2014 at The Heinz Endowments in Pittsburgh. The two focus group discussions lasted between one and one-half and two hours. The participants for both discussion groups were identified through Heinz Endowments networks, based partially on criteria provided to them by the Urban Institute. These criteria included both newer and more experienced entrepreneurs, and men who had recent experience looking for work. Men were recruited through an e-mail invitation to participate. Each participant was offered \$50 as a thank you for his participation in the discussion.

Focus groups were conversational and moderated by two Urban Institute researchers using open-ended discussion guides designed for this study. An additional member of the research team took detailed notes during the discussion, which was audio-recorded on a handheld recording device to ensure accuracy. An

anonymous survey was administered at the end of each group to collect demo-graphic and background information on the participants. All focus group procedures were approved in advance by the Urban Institute Institutional Review Board. Because focus groups are designed for extensive discussion among members, the ideal focus group should not exceed 10 to 12 people.

### Employment Focus Group

The focus group on employment and job advancement included six men employed in education, construction, arts and entertainment, health care, and telecommunications. The men who participated had between 20 and 30 years' work experience and were between 35 and 55 years old. Their education ranged from a high school graduate or equivalent to college and beyond. Most participants have lived in Pittsburgh for at least 10 years and tended to live in economically diverse neighborhoods.

### Entrepreneurship Focus Group

The focus group on entrepreneurship included seven small-business owners in industries that included educational services, construction, arts and entertainment, food and hospitality, technical and scientific services, and retail. Most men who participated were just starting a business (most had been in business for three years or less). They ranged in age from 25 to 64 and all had at least some college, a trade or technical degree, or an associate's degree. Three had a bachelor's or master's degree. Everyone has lived in Pittsburgh for at least 10 years, and the majority lived in predominantly African American communities.

## Interviews with Key Informants

The third phase of data collection included semistructured individual and small group interviews with key informants from organizations in Pittsburgh to hear their views and understanding of racial barriers related to employment, entrepreneurship, and access to financial capital. We conducted 15 interviews with key informants during the week of August 25–29, 2014.<sup>12</sup> Interview participants were recommended to the research team by The Heinz Endowments based on criteria provided by the Urban Institute. A two-step process was used. First, institutions were identified in the categories of private-sector businesses; public-sector and community-based organizations, such as faith-based, community, and economic development organizations; and local government agencies. Table A3 describes the organizations targeted for qualitative

inquiry. Within these organizations, we aimed to speak with executives, managers, recruiters, human resources staff, and/or contracting officers. The research team then recruited individuals to participate by sending introductory e-mails to describe the study and followed up with telephone calls to answer questions about the study and to set up a time and location for the interview.

In the second step, interviews were led by two members of the research team using one of four open-ended discussion guides. The four interview instruments were designed by the research team for the purposes of this study and corresponded to the four categories of respondents: financial institutions and lenders, intermediary employer organizations, individuals who were involved with business contracting or supplier development, and employer organizations. Each interview was designed to last approximately one hour.

During the interviews, one researcher led the discussion while another took notes on a laptop computer and recorded the discussion on a handheld recording device. Interview recordings were transcribed and coded using NVivo qualitative research software based on a coding scheme developed by the research team. Example codes include “social networks and connections” or “employment organizational practices.” Coded text was then reviewed by researchers to identify common themes across respondents. All interview procedures were approved in advance by the Urban Institute Institutional Review Board.

TABLE A3

## Description of Organizations Targeted for Qualitative Inquiry

Type	Description	Examples	Number of organizations targeted
For-profit and corporate	This group includes a diverse cross-section of industries and employers within the general Pittsburgh MSA recruiting area. Priority selection was given to employers from high-growth industries and major employment sectors (e.g., health, education, and social services).	Hospitals, construction businesses, and energy corporations	6
Faith-based, nonprofit, and community outreach	This group includes faith-based, nonprofit, and community organizations that provide direct services to members of the target group. Services include technical assistance, training, capacity building, job training and employment services, and sponsoring networking events. These organizations are generally local entities, but they could be regional or statewide groups that serve the Pittsburgh MSA.	Community and economic development organizations, job resource centers, and nonprofits with primary programs related to employment and business development	6
Professional and trade	This group includes organizations that provide important resources and support to members of the target group as well as increase awareness about the trends and issues related to minority employment and business development.	Membership and union associations and advocacy and interest groups	1
Financial and lending	This group includes financial organizations that provide services that support entrepreneurship and self-employment efforts. Services may consist of providing commercial loans, business counseling and technical assistance, training seminars, networking events, or gap and bridge financing to businesses unable to obtain commercial financing.	Credit unions, banks, and community development financial institutions	3
Government or quasi-government agencies	This group includes government and quasi-government agencies that play an essential role in assisting and creating economic opportunities for job seekers and minority-owned businesses.	Small business, labor, and employment-related agencies	3
Other	This group includes other relevant organizations that may be familiar with or conduct research on factors affecting African American employment and business development.	Research groups, institutions of higher education, and networking groups	2

# Notes

1. Data are from "Employees on nonfarm payrolls by industry supersector, United States and the Pittsburgh Metropolitan Statistical Area, not seasonally adjusted (in thousands)," Bureau of Labor Statistics, accessed October 15, 2015, [http://www.bls.gov/regions/mid-atlantic/data/areaemployment\\_pittsburgh\\_table.htm](http://www.bls.gov/regions/mid-atlantic/data/areaemployment_pittsburgh_table.htm).
2. Data are from the American Community Survey 2007–11. Survey respondents are allowed to select more than one race category to describe themselves; for simplicity, we restrict our analysis to individuals who report only one race (black/African American) and are not of Hispanic origin. In the 2007–11 sample of 18- to 64-year-old men in Allegheny County, only 1.1 percent of respondents report two or more races.
3. Data are from the US Census Equal Employment Opportunity estimates, 2006–10.
4. The Heinz African American Men and Boys Task Force requested that this study focus on employment barriers for men with a minimum of a high school education; other work is focused on barriers and other issues within the educational system.
5. Jeffery Fraser, "The Data in Black and White: A Recent Regional Survey Shows Marked Disparities between Races," Pittsburgh Today, November 20, 2012, [http://www.pittsburghtoday.org/The\\_Data\\_in\\_Black\\_and\\_White.html](http://www.pittsburghtoday.org/The_Data_in_Black_and_White.html).
6. ACS three-year estimates for 2011–13.
7. See "National Equity Atlas," PolicyLink and USC Program for Environmental and Regional Equity, 2014, <http://nationalequityatlas.org/indicators/Homeownership>.
8. Calculated using 2013 Home Mortgage Disclosure Act data, available from the Consumer Financial Protection Bureau's online data analysis tool (<http://www.consumerfinance.gov/hmda/explore>). Consistent with the Pittsburgh Community Reinvestment Group's definition of denial rate, we define this measure as the number of denied loan applications as a percentage of all completed loan applications, where completed loan applications is the sum of the number of loans originated, the number of loans approved but not accepted, and the number of loans denied (Rue 2014).
9. Pursuant to Pennsylvania State Statute 9125, criminal records of employment applicants "may be considered by the employer only to the extent to which they relate to the applicant's suitability for employment in the position for which he has applied." 18 P.S. §9125(a). <http://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=18&div=0&chpt=91>.
10. For more information on the American Community Survey, please visit the US Census Bureau website at [http://www.census.gov/acs/www/about\\_the\\_survey/acs\\_information\\_guide/](http://www.census.gov/acs/www/about_the_survey/acs_information_guide/).
11. To observe trends over time, obtain a larger sample, and obtain data on an indicator that is more applicable among an older age group (e.g., homeownership), we expanded the population of interest to include African American men ages 18 to 64. No sample sizes are sufficient to conduct valid statistical testing, and thus comparisons across groups should be made with caution.
12. One interview was conducted the following week over the telephone.

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