

Towards an Expansive Capital: Perspectives on Community-Based Impact Investment and the  
Racial Wealth Gap

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## Abstract

The racial wealth gap between White and Black, Indigenous, and People of Color households remains persistent and large in the United States. Community-based investment is a type of impact investment with a focus on racial and economic justice. Attempts to close the racial wealth gap have largely focused on net assets in an economic sense, but wealth and capital influx also have significant social and emotional impacts that are typically not examined but can lead to many important insights. The social and emotional context of wealth provides an understanding of the structures, embedded meanings, and hierarchies that capital creates and, by extension, its transformative potential. This study was completed to understand how community-based investment affects the emotional state of BIPOC business owners in Eastern Massachusetts and their social impacts, as self-reported. Semi-structured interviews were conducted with ten business owners who are associated with an impact investment firm. Eight of the business owners in the study received financial investments, while two did not. An ethnographic case study was also completed around a business in Dorchester, MA, that received an impact investment. For five business owners, impact investment led to transformative growth socially, financially, and emotionally, while for three owners it did not, showcasing mixed results. Moreover, six business owners were optimistic about closing the racial wealth gap, while four owners were cynical. Business owners' opinions differed largely by whether they received full investment or not. The ethnographic component of this study revealed that neighbors of color report that the invested business is an important neighborhood space providing needed services for the area, like healthy foods, and a welcoming third space. Overall, impact investment was reported to provide an avenue to counter the harsh capital environments for some BIPOC business owners, while for others it followed existing patterns of commercial investment.

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## Part 1. Introduction

Addressing and closing the racial wealth gap has garnered national and state-level attention, with policymakers, government officials, private business owners, activists, and investors tackling the problem. In Massachusetts, the Boston Federal Reserve released an initial study of the median household wealth of many different races and ethnicities in Boston; not surprisingly, the research identified stark differences in the net assets, or wealth, of White Bostonians as compared to Black and Brown Bostonians, \$247,000 to \$0, respectively (Muñoz et al. 2015). This stark statistic reflects the many inequalities that Black, Indigenous, and People of Color (BIPOC) households have faced historically, how capital is structured and dispersed currently in Massachusetts and the United States, and how this flow of capital or lack thereof produces and reproduces social, emotional, and political inequalities. Structural racism, discrimination, systematic abuse, and enslavement in the United States have always been tied to the flow of capital (Chiteji 2010). In more recent history, the interplay between disinvestment processes such as White flight, banks exiting BIPOC communities, etc., along with hyperextractive processes such as the proliferation of subprime loans, predatory lending, etc., has proven to be devastating to BIPOC communities across the country, leading to capital gaps, under-funding issues, and serious disparities. As Ta-Nehisi Coates says, the racial wealth gap “merely puts a number on something we feel but cannot say—that American prosperity was ill-gotten and selective in its distribution” (2014). These disparities and injustices impact BIPOC communities and individuals intimately as well as broadly. Examining how capital flows and the many social and emotional implications that it comes with can potentially reveal the relationships that BIPOC communities and individuals have with our monetary-social systems as they currently operate.

To this end, understanding that the exchange of capital is not merely a monetary exchange is important. Looking at the everyday exchanges and interactions of capital through the lens of the emotional and social implications of that exchange can reveal to us the many meanings of that exchange beyond just the economic (Hart and Ortiz 2014). These ancillary effects of the influx of capital, when examined, can reveal how capital is creating, bolstering, and enforcing world views with its exchange. Capital is traditionally defined as investment capital, and wealth is traditionally defined as net assets, or the monetary value of everything a person owns minus the value of everything that they owe. However, behind this simple calculation, wealth and capital carry with them the complicated socially constructed ways that they structure people, cultures, and societies for a multitude of purposes, including engendering class, politics, values, hierarchies, and more (Hart and Ortiz 2014; Maurer 2006). Ignoring capital's socially and relationally dependent characterizations has added to the horrific abuses that the flow of capital can cause.

These social, emotional, and political dimensions of capital, in part, add to the persistent and shocking racial wealth gap that exists between White and BIPOC households (Shapiro et al. 2013). Race carries with it a multitude of scripts, histories, and designated places in society. Race often dictates where one falls in the wealth and capital system in the United States. However, these systems can be challenged and potentially shifted. One current way this might be happening is through impact investment. Investment in BIPOC-owned businesses is one approach that many investors, policymakers, activists, and more are pursuing in order to boost BIPOC households' net assets to close the racial wealth gap (Kroeger and Wright 2021). However, to understand whether or not this capital is prompting transformative change in our systems, I am arguing that this investment should not solely be examined through an economic

and financial lens. I want to bring to light the relational quality of investment—the social, emotional, and political implications that accompany it (Rakopoulos and Rio 2018)—to better understand what investment holistically means to those that receive it.

This thesis, inspired by ethnographic modes of knowledge production, is an attempt to understand how efforts to remedy the racial wealth gap using impact investment capital are affecting Black, Indigenous, and People of Color in Eastern Massachusetts and the neighborhoods they reside in emotionally and socially. In order to understand the different contours that impact investment can take, I focused on one impact investment organization, Boston Impact Initiative (BII), and the business owners that have a relationship, whether financial or otherwise, with this firm. BII is a community-based investing firm operating in Boston, MA. They place a strong emphasis on racial and economic justice in their investment practices and mission. One of their core missions is to close the racial wealth gap in Eastern Massachusetts by investing in BIPOC-owned and operated businesses. This thesis will explore how the investment activity of BII in their investment ‘Fund I’ affects BIPOC-owned businesses and their owners that receive investment, specifically looking at the owners’ emotional and social lives after receiving investment as well as their perception of the racial wealth gap. These entrepreneurs' perceptions of the racial wealth gap may illuminate how they view racial inequality and how it can possibly change through investment. I also look at the surrounding neighborhood of one specific business that received investment to gain a better understanding of how investment can impact a place and its neighbors of color. Looking at the influx of community-based investing capital comprehensively, I seek to understand the changes it can bring and how it structures the social world that business owners and their neighbors of color engage with.

To guide my thesis, here are my research questions:

1. What are business owners' perceived social impacts since receiving community-based investing capital, including their perspectives on efforts to close the racial wealth gap through this investment?
2. What are business owners' perceptions of the emotional impact that community-based investing capital has on them?
3. How do the surrounding neighbors of color connect to a business that has received capital-impact investment? How, if at all, have neighbors of color's relationship to the business or the neighborhood changed since investment?

### My Money Story

Before I continue with the literature and findings, I want to give some background on myself and my interest in this thesis topic. This thesis is about the interplay of investment, race, and emotions. As such, it can be touchy for many as it exposes how money, race, and power are all connected. I wanted to take a moment and acknowledge my own position.

I am a queer, nonbinary South Indian person in Boston. I grew up in the American South around Atlanta, Georgia, for much of my life. My family and I immigrated to the United States when I was around 5 years old. Trying to understand my family's relationship and history with money, race, wealth, and class is an exercise in sitting with unknowns, getting incomplete answers, and accepting loss. My people's story has been erased, lost, and left behind, even for us. Coming from Kerala, South India, I was always told and saw that we had nothing, even though Kerala sits in one of the lushest tropical regions in India. Whenever I went to visit as a kid, I saw the abundance of greenery, coconut trees, beaches, and spices all around us, and yet our

neighbors and many in my family struggled with poverty. Kerala and its people, the Malayalis, are shaped by casteism, colonization, poverty, joy, abundance, and more. It's where the British, Portuguese, and Dutch fought wars to control the rich spice trade occurring there. In this brutal history of colonization, my people's relationship to their own land and their own wealth were separated. By the time my mother was alive, who informs much of my ancestral history, my family lived in a small single-room straw shack with a mud floor, no running water, no electricity, or any modern appliances. As a child, my mother worked as an indentured servant for nearby Brahmin families, a socially enforced role that members of my caste have had for generations. My family has the middling caste designation of Nair, not an explicitly lower caste member but also not a Brahmin either, the historically elite landowning caste in India. My family has been through untouchability, servitude, and poverty because of this caste status. However, we also benefited from our closeness to Brahmin elites. My grandfather was eventually able to buy a small piece of land from these Brahmins, which gave my family our initial income, autonomy, and wealth. Using this as a foothold, my mom and dad were able to immigrate to the United States. I am informed by this complicated relationship with wealth and privilege. On the one hand, colonization and Brahmin rule in India and Kerala are brutal and have thoroughly exploited my family, but on the other hand, caste privilege has benefited us more than others. Dalit and other caste-oppressed people may not have had the same maneuverability. My family's history encapsulates the complexities of hierarchy, oppression, resilience, and privilege.

Amma and Acha, my parents, always remind me of the privileges that we have and how lucky we are. My upbringing acknowledged where we came from, the conditions for how we lived for much of my family's history, and the struggles that my family had to go through for us to settle in the United States. Like most immigrants in my hometown, we started with very little.

We lived in a small, one-bedroom apartment in a low-income apartment complex surrounded by other Asian, Latine, Black, and immigrant neighbors. Many folks in my community did not have much, but it was safe and joyful. I first saw and understood race and racism in this neighborhood, especially the effects of underinvestment. There were very few White folks in my neighborhood, living instead in the surrounding, wealthier suburbs. After some time, my dad landed a tech position that allowed my family to buy a house when I was in late middle school. After moving, income and wealth insulated us from much of the racism that many of my former neighbors faced. Moving through adolescence, my understanding of race and privilege evolved. As an Asian American, I did not experience all the harms of anti-Black racism but still faced racialization. Georgia's racism deeply impacted me, and I found solace in the idea of moving far away, ending up in Boston to begin my journey of education and independence.

Entering graduate school, I wanted to honor my family history and learn more about these broad economic forces and how they play out in shaping inequality. I wanted to further explore how economics, labor, and work entangle with emotions, life, and relationships. This led me to explore housing justice, food justice, and economic justice initiatives. These different projects introduced ideas to reduce harm while creating community-centered power. Economic justice frameworks especially intrigued me, as they seemed to acknowledge the harms of many capitalistic industries while finding ways to reclaim the power and agency that those industries have stripped away. I have in some sense been living and talking about this topic of inequality and justice for much of my life, and graduate school became my opportunity to stretch, grow, and delve deeper.

I was introduced to impact investment through Community-Based Investing, an Urban & Environmental Policy and Planning class taught by Deborah Frieze, a former founder of BII. An

initial essay I wrote for this class inspired this section of the thesis. The class explored impact investing as a way to address racial, social, and economic inequity. The frameworks reminded me of the complex, contradictory, and liberatory experiences I and my family have had with wealth. I have seen the ways that wealth has been a tool to reinforce systems of power while also creating agency and security for those seeking refuge from the same systems.

This is all to say that I come into this topic with many of my own personal experiences and relationships to wealth and the lack thereof. I want to acknowledge that many of the interviewees and communities that I am relating to and exploring are not my own. They all have their own different experiences and histories that have informed much of their responses. I have done my best to underscore their perspectives as I understand them, but undoubtedly I may have missed some nuances. I also tried to state the histories of my interlocutors, as they have relayed them to me where applicable. I hope that through these efforts, my interviewees and I have built on our differences to come together to find commonalities and connections. This thesis is my attempt to collate and share their perspectives, build solidarities, and move economic justice and impact investment forward.

## Literature Review

### *Introduction*

Through this thesis, I want to move away from the understanding that ‘value’ is an objective, measurable datapoint stripped of its socially constructed meaning. To do so, I am bringing in different fields of study to add context to investment, wealth, race, and business. I start my literature review looking at anthropological examinations of money, capital, debt, and wealth. These anthropologically rooted works allow me to see wealth in not just its current standard form but as a malleable historical project. These anthropological and ethnographic understandings also allow me to poke at concepts such as risk, debt, credit, and more to see their historical ties as well as their possibilities. My brief examination of anthropology here underscores the many complicated ways that these ideas associated with money are ever-shifting. I then take a look at sociology and economics to understand the different characteristics of modern racial wealth gaps. I draw on economic literature to understand lending and discrimination, how it creeps into business through banks, governments, and others, and its monetary impacts. I then look at how business has been used as a tool by BIPOC communities to advance themselves and the shortcomings and advantages of this approach. I conclude by examining the literature around community-based investing and impact investing to add context to the field. The literature review looks at these different fields, each providing concepts and tools to understand my research.

### *Anthropologies of Capital*

Characterizing how capital impacts individuals and communities is a complex task that involves analyzing questions of politics, class, well-being, and equity. I attempted to grasp the nature of capital and how it functions across different frameworks in order to understand its

impact. In the *Anthropology of Money and Finance*, Hart and Ortiz describe different ways that money, capital, and wealth have been studied. They lay out different frameworks for how to think about capital and its historical understandings. Traditionally, capital has been formulated as a means of exchange, a way to make bartering more standardized. This is a more economic point of view, and one that I seek to disrupt with my research. In this anthropological review, Hart and Ortiz go through the historical thinking around money by looking at earlier anthropologists and economists like Karl Marx, Georg Simmel, and Karl Polanyi. These thinkers had different ways of understanding money. For Marx, money entrenched the inequality of owners and workers; for Simmel, money was an extension of capitalism's universalist and individualistic project; and for Polanyi, money was a product of the social relationships that produced it. They illustrate how money is a shifting medium, indicating both purchasing power and the relationships at play among those using it (Hart and Ortiz 2014).

So who is right? How can we understand money and wealth? One answer is that money, wealth, and capital are fluid frameworks to understand our current historical moment and social structures, as articulated by Viviana Zelizer (1994). Debt, credit, money, and investment can all have multiple simultaneous meanings. One is the financial, transactional meaning—what is being exchanged or contracted—and the other meanings are the more linking and relational ones. The types of financial understandings enforced inform the ways capital shapes, extends, and enforces how people connect, organize, and form their social and emotional identities (Hart and Ortiz 2014). However, these relationships and meanings are not static. Capital can also be used to disrupt these old hierarchies. Monetary tools such as credit and debt as a “method of social revolution” are possible, as Marcel Mauss points out while commenting on WWII market

changes (Fournier 2006). All of these meanings and possibilities must be considered if this research is to understand the impact of capital on people and communities.

“Money [or capital] is the ocean we swim in.” In this way, though it surrounds us, we should still take care to analyze its specificities (Hart and Ortiz 2014). Credit and debt, and more specifically, how they are disbursed to BIPOC business owners, are two constructs that are of particular interest to this research. Debt has allowed “moral obligations to be given an impersonal measure” (Hart and Ortiz 2014). Debt and capital can create and reinforce hierarchies, mainly the ones between the ‘haves’ and ‘have-nots,’ the borrower and the creditor, carrying with them moral and social connotations. Traditionally, creditors are seen as worthy and debtors as unworthy (Peebles 2010). One way to think about credit and debt that opens up possibilities beyond this hierarchy is to frame them as merely mechanisms that tie two parties together through space and time. They guarantee some exchange in the future and intertwine the two parties until that time. This relationship can be speculative in nature and based on contemporary ideas of risk and reward. Anthropologists have explored the different emotional consequences that structure has on investors and creditors. Some debt can serve as a constricting relationship through time, limiting the choices of debtors to a certain contractual future that they must meet, while for creditors, it can allow them to be more expansive through time, opening up avenues assured that they will have a place of security waiting for them (Peebles 2010). An example of contemporary formulations of credit and debt morality is shown by the subprime mortgage crisis of 2008, during which time debt was pushed on racialized Black and minority recipients that banks had traditionally seen as ‘unworthy’ (Peebles 2010), leading to large foreclosures on homes and a constricting of choices. This extractive relationship does not have to always be the case, however. Our formulations of debt and credit can be different, reimagined, or

even flipped. Debt can mean abundance, and credit can mean overindulgence, a relationship framed by reciprocity and mutual exchange (Peebles 2010). Paying close attention to the moral embedded meanings of debt and credit can inform the emotional and relational meanings that capital takes on when it's being circulated.

Related to this concept of credit and debt, capital and money, is the idea of wealth. Wealth is the immaterial quality that capital, or money, can confer (Rakopoulos and Rio 2018), but it is still a concept that is rich in social multitudes. Wealth can and has been equated to capital, land, 'the commons' as in commonwealth, vitality, and natural abundance. These can all be objects that confer an individual or a society with wealth. Wealth as it is treated in economics is net assets, but what assets are counted and who is doing the valuation? Valuations of wealth tie into a social ordering; some things are given wealth and value, such as owned land and currency, while others are not, such as family heirlooms, oral histories, and naturally abundant resources such as the sun, water, etc. These resources often do not make it into the economic formulations for wealth calculation. However, other cultures throughout the world, particularly indigenous cultures, do provide avenues to expand our understanding of wealth (Rakopoulos and Rio 2018). I do not mean to suggest that wealth as it is traditionally defined does not matter, just that the current understanding is rooted in history, space, and place and therefore can be challenged if we are to expand and include more people in the wealth creation process.

### *The Racial Wealth Gap*

Returning to our historical context, one avenue to understand the impact of capital is the recent efforts to close the racial wealth gap that exists in Eastern Massachusetts and in the United States. Increasingly, there have been calls among policymakers, economists, and activists to increase the amount of net assets flowing to racial minority households and individuals in the

United States (Shapiro et al. 2013). This is in response to the racial wealth gaps that exist between racial groups and the history of racism and discrimination that caused these gaps (Shapiro et al. 2013, Chiteji 2010).

Wealth, as it's traditionally defined, is not distributed evenly in the US; it flows along racial, gender, and other identity lines. It primarily flows to White men, the wealthiest group in the US, and leaves racial minorities, especially Black and Latine individuals and households, on the bottom rung (Shapiro et al. 2013). In this thesis, I will examine wealth and the influx of wealth to businesses and neighborhoods, specifically looking at Black, Indigenous, and People of Color (BIPOC)-owned businesses, as they are communities that have been denied wealth equity in the US, and there are real efforts to address this wealth gap.

A median White household in the US has a net worth of around \$171,000, while a median Black household has a net worth of \$17,100 (Shapiro et al. 2013). While this number is different based on different studies, geographies, and methodologies, the gap remains wide regardless of these different factors. The racial wealth gap reflects the history of racism, racial segregation, discrimination, and current structural racism in the US (Mimbela and Duarte 2023). The racial wealth gap reflects the gap in net assets, or the value of owned assets, including a house or any property, minus assets owed, such as debt, that White and non-White households hold. The literature in Massachusetts and Boston is primarily looking at Black and Latine versus White households in wealth accumulation, with differences in wealth among Asian and other racial groups still largely being studied and better understood for the region. The Color of Wealth report released by the Federal Reserve of Boston details how the median White family in Boston owns substantially more assets compared to the median Black family, respectively, \$247,000 compared to \$0. This stems from Boston's history of redlining, predatory lending,

discrimination, segregation, and structural racism (Muñoz et al. 2015). There are many factors that play a part in the persistence of the racial wealth gap, including current housing discrimination, differences in house appraisal values between White-owned and non-White owned houses, and neighborhood advantages and disadvantages (Levy 2022). Neighborhood conditions can also acutely affect wealth accumulation. Disadvantaged neighborhoods, such as those with concentrated poverty and crime, can dampen labor market participation rates, upward mobility, educational attainment, and increase incarceration rates for residents (Levy 2022). BIPOC are disproportionately affected by these disadvantaged neighborhoods. All of these conditions play a part in the racial wealth gap, which contextualizes this research. It also shows that investment in only BIPOC businesses may not address these other issues at play.

### *Racial Entrepreneurship Gaps*

Entrepreneurship in America is given a unique cultural and social position. Entrepreneurs are valued as creative, innovative, and hard-working citizens who contribute to the economic growth and technological standing of the United States globally. Indeed, the United States federal government has many programs to encourage entrepreneurship, including tax credits, grants, and loans. When looking at the wealth distributions in the US, entrepreneurs are overrepresented at the top of the wealth ladder, suggesting that, specifically, having equity, or ownership stake, in businesses may be vital to accumulating wealth (Albuquerque and Ifergane 2023). However, BIPOC entrepreneurs face many structural barriers in attempting to accumulate wealth through entrepreneurship, further contributing to the racial wealth gap.

Racism and the history of racism faced by non-White individuals and business owners have contributed to gaps in the benefits conferred by entrepreneurship with regards to race. With

respect to the racial wealth gap, Black, and Hispanic households have similar levels of business assets as compared to their White counterparts; 5 percent of Black and 7 percent of Hispanic households hold business assets compared to 9 percent of White households (Klein 2021). These percentages are relatively similar, but the difference in the level of wealth held in business assets by race paints a much starker picture. Black families have about half the level of wealth as White families do in business assets, with Hispanic families having wealth levels in between the two (Klein 2021). This is because BIPOC entrepreneurs face different outcomes and contexts in terms of access to capital, business size, profitability, and industry access as compared to their White counterparts. Black and Hispanic-owned businesses tend to be smaller, with fewer employees and lower levels of revenue and profit than White owned businesses. They also tend to fail more often than White owned businesses. Eight out of ten BIPOC-owned businesses fail within the first 18 months of starting, as compared to four out of ten times for White owned businesses within the same time period (Green 2021). They also tend to operate in industries that have lower levels of capital access than industries that White owned businesses operate in. For example, many Black and Hispanic-owned businesses historically and currently operate in the construction, retail, and/or service industries. These industries typically have lower barriers of entry for BIPOC entrepreneurs and workers. But they also have lower levels of access to capital as compared to scientific, financial, and technical industries (Klein 2021). This lower level of access to capital for certain industries is a by-product of occupational segregation and racism. These industries have been devalued, partly based on who is doing these jobs (Klein 2021).

Access to capital remains a key issue in terms of the gaps separating BIPOC and White entrepreneurs. BIPOC small business entrepreneurs are denied loan applications more frequently, receive lower loan or credit amounts, and are less likely to be fully financed by commercial

lenders overall as compared to similar White entrepreneurs (Wiersch and Misera 2022). This has been true historically and is currently true in the US. Racial lending discrimination, either overt (taste-based discrimination) or through proxy ‘objective’ measures (statistical discrimination), has continuously shaped minority business ownership in the United States (Klein 2017). This was most recently shown through the COVID-19 pandemic Paycheck Protection Program (PPP), which provided funds through commercial banks to disburse to businesses that were facing immense losses due to the pandemic. Black entrepreneurs received lower loan amounts than their White counterparts, even after controlling for other relevant factors. Black and Brown entrepreneurs were often discouraged from applying for PPP loans or told to pursue a home equity loan instead (Atkins et al. 2022). This has resulted in Black and Brown owned businesses receiving less capital, oftentimes coupled with worse terms and conditions. This disparity left many Black and Brown owned businesses with less capital to start and sustain their businesses, hindering their growth or stopping it all together (Bates and Robb 2016). These BIPOC-owned businesses often rely on their owners' funding more than similar White owned businesses do, putting a strain on the levels of growth and wealth accumulation possible for BIPOC businesses (Klein 2017).

Entrepreneurship can also have negative effects on wealth accumulation for business owners, even when things seem to go right. For example, not all available capital is constructive capital (Simon 2017). Black and Brown communities, in the past and presently, have been forced to enter exploitative relationships with lenders, banks, and other financial organizations due to predatory lending practices (Simon 2017). Capital influxes into minority businesses therefore can have a negative relationship on business viability overall if the investments’ conditions of deployment, like interest rates, added fees, etc., are unfavorable and unfair. Furthermore,

entrepreneurship in and of itself is also limited in addressing wealth inequality; there needs to be a supportive environment around entrepreneurs for them to succeed. Running a business is hard work, and if that business fails, this can have devastating effects on the wealth gains and overall economic picture for BIPOC business owners (Kroeger and Wright 2021). Investors also have to be aware that a mere one-time investment is not going to decrease the overall racial wealth gap; it has to be a sustained, long-term relationship with the business owner. Wealth gains from entrepreneurship largely only occur with long-term (>4 years) successful businesses (Kroeger and Wright 2021).

The structural causes for these differences in access to capital, industry selection, failure rates, and exposure to predatory lending practices faced by BIPOC entrepreneurs are all interrelated and multifaceted. These causes sit at the intersection of many current systems, including finance, education, and labor, which determine which groups of people work in what industries and how those industries are seen and valued. For example, education and the lack thereof play a large role in dictating what industry one has access to, how much access to capital one can get, and more (Klein 2017). However, access to education is not merely meritocratically passed down but is instead affected by racism and the history of racism in this country. Similarly, for industry selection and access, Black and Hispanic households have been historically restricted to certain devalued industries, which then plays a part in their options for entrepreneurship (Klein 2017). This structural racism around lending and entrepreneurship is based on social systems of value, which equate BIPOC people and Blackness with devaluation, that then private banks, lenders, and governments have engendered in their operations, giving their racism real, lasting, social, and monetary impacts.

### *Community-Based Investing*

Given these understandings of the racial wealth gap, the racial entrepreneurship gap, and the pitfalls of investment in entrepreneurship, one branch of investment is trying to invest ethically, with social and sustainability efforts in mind. Impact investors have a social, environmental, or governance goal that they are trying to meet with their investment (Agrawal and Hockerts 2021). Impact investment primarily started in the post-2008 financial crisis as financial investors started to face pushback on their irresponsible investment practices (Agrawal and Hockerts 2021). The field has grown since then; currently, there are around \$60 billion worth of investments that are categorized as impact investments. This is only projected to grow in the next decade. This growth in the market for impact investment highlights the appetite that investors have for pursuing investments that meet both their financial and social goals (Agrawal and Hockerts 2021). Impact investment relies on investors, firms, and institutions making judgments on how ‘impactful’ a business will be, both in its financial returns and also in its social mission. Different firms have different calculations of impact. There is currently no standardized way that the industry or different firms measure impact (Tekula and Shah 2016). It is also unclear how these firms weigh different social and financial factors when deciding whether to invest or not. Firms also often keep their due diligence processes to themselves. The decision-making process is also not transparent, standardized, or predictable (Agrawal and Hockerts 2021).

Community-based impact investment goes a step further than impact investment and tries to maximize a certain social impact. Community-based investing further seeks to repair the harm done by our current capital-monetary system through racial and economic justice initiatives. Boston Impact Initiative (BII), in particular, is a community-based impact investment firm based

in Boston, MA. BII has strong racial justice motives, as described on their website. They seek to envision a new economy, one where racial inequalities are addressed and harm repaired (Boston Impact Initiative 2023). They have a strong vision for an inclusive future, stating

“We believe that by investing integrated capital in entrepreneurs and communities of color, we can be a catalyst for transformative change, building social, economic, and political power to close the racial wealth gap and create a more inclusive and sustainable economy.”

Boston Impact Initiative, 2023

Another key factor contributing to community-based investing is the local place-based economic and community-development efforts that firms like BII engage in. Investments bring local businesses to neighborhoods across Eastern Massachusetts, bolstering and integrating into local economies. These place-based investments targeting entrepreneurship have long been associated with community development (Walzer 2004). Place-based community development initiatives, in part, seek to bolster small business development to counter long-standing neighborhood-level disinvestment processes like redlining, etc. that have negatively impacted residents' quality of life (Theodos 2021). Small businesses, in some cases, can provide key services for residents in a neighborhood that enrich their lives in many ways, including not only fulfilling the business need but also the social and emotional place that it fulfills. However, a new business associated with investment in a low-income area can alienate long-term residents of that area, as new businesses could cater to newer, richer residents (Tuttle 2022). I examine community-based investment's role in place, neighborhood, and interaction with residents in the A Case-Study Ethnography section further below. I also provide more background on BII in the appendix. This framework of community-based investing is a nascent field and idea, one that has optimistic claims about the future. I hope to uncover some of the ways that it is meeting these claims through this research.

## *Conclusion*

I use the ideas learned in this literature review throughout my thesis. I analyze the emotional and social landscapes created by investment as understood by the literature on the anthropology and ethnography of money and wealth. I frame the different struggles of BIPOC entrepreneurs and people using the terms and theories learned in these reviews. I look at capital influxes to BIPOC entrepreneurs later in this thesis to understand how the ideas learned here interact and show up in my findings. The racial wealth gap also provides an avenue to understand how capital shapes the world, relationships, and identities that people hold. However, I also want to take a more pragmatic and open approach to my research. I do not wish to impose theory on people's lives, but instead use these understandings to be better informed and able to connect the different pieces and frameworks where applicable to provide a better picture of people's lives.

## Methods

The methods for this thesis will primarily be qualitative in nature. To understand the social and emotional impacts of the influx of community-based investing capital for business owners of color in Eastern Massachusetts, I conducted two phases of my research. Phase 1 was structured interviews with 10 business owners of color associated with BII in order to understand how the owners view the influx of investment or lack thereof, their perception of their social impact, and their understanding of the racial wealth gap. I interviewed 8 BIPOC business owners who received direct financial investment, either a loan, equity financing, project-based financing, or some other type of investment from BII as a part of BII's Fund I cohort, as well as 2 BIPOC business owners who had previously applied for funding and were denied. These businesses were

still affiliated with BII and had access to their workshops or other promotional or educational material. These business owners served as a comparison against peer businesses that received investment. I asked these business owners similar questions in order to understand their views on capital and how it relates to their business, their perception of their role in the racial wealth gap, and their community. These denied BIPOC owners were referred to me by BII's impact director. Phase 2 was a case study ethnography of one business that has received a BII investment, Fresh Food Generation, in Dorchester Center, MA, to provide a window into how BIPOC neighbors interact with this business and the investment. In either case, I did not ask any explicit numeric questions around investment received, net assets, or any exact and financial questions as to preserve business owners' and neighbors' privacy.

Phase 1 interviews explored the perceptions and understandings of the business owners that are associated with BII. I learned what their experience has been in receiving investment capital in relation to racial wealth equity, the extent to which this capital has been used to benefit neighbors of color that surround their business, and the emotional responses these business owners have in receiving this capital. These interviews lasted approximately 60 minutes each and were held over Zoom at the business owner's convenience. See the appendix for interview questions.

Interview recruitment was done through many channels. Initially, I had help in recruiting and arranging interviews of BIPOC business owners from the Impact Director at BII, who generously volunteered to help promote and invite interviewees to ensure adequate participation. The impact director directly reached out to the initial business owners that they thought would be receptive to having an interview with me. Later, the impact director provided me with all the individual emails of business owners in Fund I, and I reached out to them directly to save time

and have a more standardized process. The impact director and BII did not have any part in developing the questions or the interview process, nor did they have access to any of my results, my findings, or any intermediate analyses. They will not have and have not had any access to any individual business owner's opinions and thoughts shared with me during these interviews, nor will they have access to the broad, overarching findings from the interviews until after this thesis is published. I have anonymized, to the best of my ability, the information provided by business owners so as to remove them from possible individual scrutiny, only attributing the industry of the business to add some context.

Phase 2 of my research was a case study ethnography on Fresh Food Generation (FFG), a business and restaurant that received investment from BII's Fund I. Fresh Food Generation, located in Codman Sq., Dorchester, MA, is a Black-owned Caribbean and Jamaican food business. I chose this business specifically because it is located in Dorchester, a large and historic BIPOC neighborhood primarily home to Black, and Latine communities, as well as some Asian and other immigrant communities. The ethnography component of this thesis aided in understanding how neighbors and community members, not business owners, view and relate to businesses that received investment. I want to better understand how community members view the social impact of this business and, therefore, the investment. This would help me better understand how an investment is used by the business, how it interacts with its neighbors, and what social connections it's fostering. This direct look at the neighborhood scale of investment can provide a window into how capital and investment can entangle themselves in the social fabric of a place.

I am inspired by "Patchwork Ethnography" (Fratini et al. 2022) in completing this ethnography case study. I used a mixture of physical methods, including participant observation

in different settings and intercept interviews, and digital methods. I started by engaging with the physical space of the restaurant. I went to the restaurant, ate there, and interacted with and observed staff and other customers. I observed the business's surrounding public spaces and the business itself during normal business hours for 60-minute intervals, seven distinct times, taking care to observe the restaurant and the surrounding two blocks at different days and times. I also walked around the surrounding blocks of Codman Square to understand how FFG fits spatially into the neighborhood. I attended and observed Ujima Cafe, a special monthly event series at Fresh Food Generation, where Boston Ujima, a community-based impact investing firm, hosts a monthly casual hangout with free food at Fresh Food Generation's outdoor space that's open to the public. I focused my observations on community members' interactions with the business, both as an institution and as a space, the accessibility of the business to the community, whether it was well liked and well used, and its cultural and spatial fit in the neighborhood. I performed nine short intercept interviews on the public spaces surrounding the business with adult community members of color and explicitly asked BIPOC neighbors questions around their perception of this business, their interactions with the business, their perceptions of the 'fit' of the business in the neighborhood, whether they like the business's presence, and their perception of the restaurant environment around Codman Square more generally. I stood a block away from Fresh Food Generation to approach people for these interviews. I also utilized digital methods to understand the restaurant's mission and overall presence. I mainly did this by looking at their Facebook pages, their website, as well as their profile on Boston Impact Initiative and Commonwealth Kitchen's website. Commonwealth Kitchen is the shared commercial kitchen space where Fresh Food Generation started. I conducted this research in part between September and December 2023 as part of an Urban Ethnography class at Tufts UEP as well as from May

2024 to July 2024 as a part of this thesis. By using mixed ethnographic methodologies focusing on the physical space, supplemented with some findings around the digital space, I gained a view into how one BIPOC neighborhood interacts with a new business, providing one scenario of how capital investment entangles itself in a community.

Overall, I am inspired by Aimee Cox's *Shapeshifters* in undertaking this thesis. She performs an ethnography of young Black girls in a homeless shelter in Detroit. She does not try to fit the struggles of the Black girls into a set script of academic frameworks or theories. She instead calls on the reader to "open ourselves up to a conversation with them with the full expectation that we will, at least, be changed" (Cox 2015). I attempted to have the same approach of listening and being affected by my interviewees and people that I talked to for this thesis as Cox did in her ethnography.

Both phases of the research were systematically annotated and analyzed around the major themes that emerged from the interview and observational processes. I took notes during the interview or observational sessions, later annotated these notes, adding further context, and then utilized thematic content analysis to arrive at broad themes and takeaways that were mentioned or observed. I then synthesized this information around business owners, their perceived role in closing the racial wealth gap, perceptions around capital and wealth in general, the perceived social impact of their businesses, as well as their emotional reactions to investment. Each interviewee touched on sensitive subjects ranging from race, investment, their emotional and mental state, and how they see the world. They shared with me their frustrations, their joys, and their wishes for the future. Each interview gave me a privileged look into not only the interviewee's businesses but also their lives, for which I am extremely grateful. Their candor gave me the insights that led to this thesis. Again, because of the sensitivity of this information,

the business owners' identities have been concealed throughout my analysis, and quotes and other insights are attributed anonymously. This research followed either verbal or written informed consent processes for all relevant stages and has been reviewed and approved by the Tufts IRB.

## Part 2. Findings around Access to Capital and the Emotional, Social effects of Investment

### Overview of Interviews

Before I explore the findings from the interviews, I wanted to provide an overview of the basic facts, demographics, and summary information of my interviewees. Eight interviewees are self-reported Black/African American; three are Hispanic; two are Mixed Race, one is Indigenous; and one is South Asian. Seven interviewees are cis-women, three are cis-men, and 0 are transgender or nonbinary. Of the eight business owners that received investment that I interviewed, six are cis-women, and two are cis-men. Both of the business owners who did not receive investments are cis-women.

All the business owners that I spoke to had significant experience in business as a field and in operating their current businesses. One business is relatively new, having been operating for 2–3 years; two businesses have been operating for 3–4 years; and seven businesses have been in operation for more than 5 years. Five of the business owners that I interviewed owned their businesses for more than nine years. The businesses themselves ranged from restaurants, cafes, and bakeries to construction companies, general contractors, car companies, mental health services, and technology companies. All business owners were either the sole owners of their businesses or had a majority ownership stake in them. The range of industries presents a unique opportunity to understand the common experiences of these business owners.

For the rest of the findings, I start by taking a look at business owners' traditional access to capital through commercial banks and other accessible sources. I want to get a sense of what environment fostered these business owners to seek impact investing and what the normative capital environment was for my interviewees. I then discuss the common themes that emerged

for business owners who received an impact investment and saw their needs met through that investment. Then I delve into business owners who were underfunded or for whom investment did not meet their needs. Finally, I present the themes associated with business owners that did not receive investment.

### “Banks are there for nothing”: A Look at Traditional Access to Capital

To understand business owners’ financial world, or the ‘ocean’ that these business owners are swimming in as Hart and Ortiz (2014) discuss, it is important to establish their understanding of their access to capital and the emotional relationship they have to traditional capital. Traditional financing, like commercial banks, often has stricter and more conservative definitions of ‘risk’ that inform who receives loans. These risk assessments often reinforce bias and racial discrimination. Out of the 10 business owners that I spoke to, 9 of them had actively pursued investment, either a line of credit or a small business loan, from a commercial bank like Bank of America or TD Bank at one point. I’ll start by examining how the application process for many of these bank investments emotionally impacted the business owners. Usually, when applying for a loan or line of credit, the business owner wants extra capital to finance their business's growth. This could be because the owner is trying to expand the services that they offer, as was the case for the technology company owner; the owner is trying to open a bigger new location, like it was for the bakery owner; or to sustain their current operations, as it was for the media company. When applying for investment from commercial banks, business owners have to undergo a process of financial vetting or due diligence. They have to prove to the bank their revenues, cash flows, and the financial health of their business, and show that their overall operating principles are sound and meet acceptable levels of risk. Only then will the bank make

its decision to approve or reject the application. However, how banks made their decisions on loan applications was unclear to many of the business owners that I spoke to. One business owner puts it as “having to tell his business story 30 different ways,” with each story geared toward the different criteria that he thinks the funders are looking for. He went on to say that this “model of fundraising doesn’t work for [him].” Unclear criteria led to business owners feeling confused, frustrated, and ultimately dejected with the application process. Many business owners had to meet bank officials and produce extensive paperwork throughout the process. It can be emotionally taxing and stressful to repeatedly meet with bank officials who are examining and judging one’s business. For some business owners that I spoke to, they tried to seek investment through commercial banks more than once and would have meeting after meeting with funders, financiers, and other bank officials to ‘prove’ (the bakery business owner) their business’s worth in front of these bank officials. The clear power dynamic of applicant to approver made one business owner feel ‘uneasy,’ as she put it to me, after she applied, met with bank officials, and subsequently got rejected for a line of credit application from TD Bank. A car company business owner characterized fundraising as “chasing financing from these banks... and even when you secure funding, it is an exhausting and humbling process.”

The application process, despite the inherent stress, would be worth it for many of these business owners if it resulted in increased access to capital. However, securing funding from commercial banks was rare for the business owners that I spoke to. Only one business owner was approved for a loan from Bank of America, and even then she decided not to pursue it because of the lack of a personal relationship offered by these commercial banks. Eight of the ten business owners faced rejection at one point from a commercial bank loan or line of credit that they applied for. Some owners, whose financing needs may be greater, have faced multiple rejections

from commercial banks and traditional finance investors. One such business owner, a general contracting and construction business owner who has faced repeated rejections, says that he's "not surprised at this point." Rejection from a bank loan can happen for many reasons. Banks make judgments on the risk of the business based on many different and often obscure factors. While some rejections may have legitimate reasons, many rejections may also be attributed to the clear racial or gender-based discrimination patterns exhibited by these banks. Business owners had different reactions to these instances of potential discrimination. Some business owners stated that these rejections seemed reasonable. As one explained to me about her rejected loan application from a traditional lender, "Solo entrepreneurs have it very difficult," she stated, understanding the lender's rejection when they cited her business's limited revenues as one of the reasons. Smaller revenues are oftentimes correlated with race, gender, and the industry of business, as I have shown in the literature review. Other business owners were disheartened by this potential discrimination. One construction business owner spoke about this unfairness when she could not provide collateral for her business loan application to Bank of America and thus was denied. BIPOC entrepreneurs are less likely to have real estate collateral in the United States, as I have shown previously, and so expecting collateral can have discriminatory effects. For some business owners, they attributed these rejections to a pattern of explicit taste-based discrimination. Some, after facing repeated rejections, question whether race and/or gender were the primary reasons they got rejected. An example of this is a general contractor that I spoke to who characterized the loan application and due diligence process as a kind of catch-22. As he characterized it, "we need to not need money to get money." In other words, his business has to be excellent on paper to receive the needed investment. The business is ideally growing at a steady rate, has excellent revenue streams, and has excess capital on hand in order to be

approved for a commercial bank loan to further secure capital. The contradictory nature of his bank loan experiences made him doubt the fairness of the process. To him, something seemed off. This was not his first time approaching lending institutions and receiving rejection after rejection. He felt defeated and devastated, concluding that he suspects that “because he’s a Black man, the banks have racial bias” towards his business. For another business owner, she approached TD Bank looking for a line of credit to expand her bakery business. She had been running her business for many years, had excellent revenues and cash flows, and had a large number of customers and institutional contracts in Boston, but was still ultimately rejected by TD Bank for her loan. When we spoke, she considered her rejection and wondered, if she were a White man, White woman, or even an Asian man, would she have received that investment? She summarizes her sense of defeat and anger by stating that “banks are there for nothing.”

Business owners are left with questions, doubts, stress, frustrations, and anger after applying for traditional commercial bank investments. Facing repeated rejection can force business owners to reorient their business, make riskier decisions, and lose faith in their business and themselves. However, through this emotional turmoil, business owners still needed capital to run their businesses. Two business owners that I spoke to made the choice of going after other burdensome loans to secure their needed financing. The general contractor business owner went after alternative lenders, like payday lenders, or as he characterized them, “bottom feeders,” to secure financing. Payday lenders and other high-interest loan financiers often finance BIPOC communities that do not have access to traditional commercial bank capital, but these loan sources have incredibly high interest rates and unfair terms and conditions and are therefore considered predatory and hyperextractive. These loans are often the capital of last resort for many business owners. The mental health business owner stated that when she approached these

alternative predatory lenders after she was rejected from her traditional commercial bank loan, she was constantly stressed and checking her bank account, using a significant proportion of her business revenues to pay back the interest on these predatory loans. Her interest rates approached 30–40% on her initial principal. This astounding interest rate crippled her business and growth, as well as adding significant stress and emotional “weight” to her day-to-day life. These predatory lenders also have a poor reputation in the finance world, carrying with them the association of being high-risk. The general contractor who received payday loans stated that when other traditional commercial banks learned that he received financing from these predatory lenders, he suspected that his business was deemed more risky as a result. The poor reputation of predatory lenders can prevent business owners from securing lower interest-rate loans from traditional commercial banks, even though these business owners who have high-interest loans end up paying more in the long run to these lenders. In other words, these business owners are showcasing their businesses’ strength and strong revenue as they pay back exorbitant interest rates on their loans, yet commercial banks still do not invest. The general contractor stated that he is living on the edge of profitability because of these predatory lending sources.

Traditional commercial banks have a dismal reputation for funding BIPOC-owned businesses, which holds true for the group of business owners that I interviewed. The business owners lamented the application process, their repeated rejections, and the alternative options for funding that they were forced to consider. These rejections showcase the larger pattern of racial lending discrimination that is common among these banks, either through statistical or taste-based discrimination. I cannot verify any of these claims with the banks themselves, but given the history and current relationships that these banks have with BIPOC communities, it is not surprising that 9 out of 10 business owners avoid commercial banking services for their

businesses. These banks are not serving these business owners, and in turn, the business owners are losing trust in the commercial banking system. As the general contractor business owner puts it, “the entire system is stacked against you.” This system of commercial banking and the lack of access to capital that it affords BIPOC business owners are creating real harm with negative consequences for business owners’ emotional and financial states.

### An Examination of Impact Investment

After examining these business owners' traditional access to capital, I better understand the stakes and the financial world that they are operating in. Impact investing offers a different option to many of these business owners. Impact investing firms like BII often have different, mission-oriented criteria aimed toward racial economic justice that can provide BIPOC business owners with a more tangible option for accessing capital. BII offers loans, convertible notes, equity financing, lines of credit, and even project-based financing. I have split my analysis of impact investing into three different sections: the first section focuses on those that received investment that met their financial needs; the second section focuses on those that received investment that did not meet their financial needs; and the third section centers on those that have a relationship with BII but did not receive any financial investment. When I spoke to the business owners, it became clear to me that these three different groups emerged; they each had different outcomes, experiences, and reactions to impact investment, and through examining each, we can learn the contours that impact investing is taking in BIPOC business owners’ lives.

### Impact Investment as Transformative Growth

Overall, out of the 8 businesses that received investment, 5 businesses received investment that met their financial needs at the time, as reported by the business owners. These business owners applied for a certain amount of funding, and BII approved their application and

granted them the level of funding that they requested. There was a diversity of financing structures that these business owners received. Three businesses received loans, one received a type of equity financing, and one company received a loan as a project-based financing scheme. These businesses' financial relationships with BII all occurred during different time periods, with some businesses receiving multiple rounds of funding years apart. The business owners were also in various stages of paying BII back when we spoke. Some businesses have fully paid off their loans, and the interview was purely an exercise in looking into the past, but other business owners were actively paying back their loans to BII and were able to reflect on the process as it was currently underway. I go into detail about the three stages of funding for these businesses: the application process, receiving the funds, and life after investment, looking at what impact that investment had on the business' development, growth, and the owners' outlook on their emotional and social lives.

### *The Application Process*

To start off, many of these business owners described the application process for impact investment as at worst neutral and at best personal, collaborative, and flexible, contrasting the often cold, brutal, and alienating application processes with commercial banks. For the construction company owner, it was a neutral, everyday business deal. She received a project-based financing investment from BII. She expected to receive the loan and treated it as a “regular business transaction.” For other business owners, it was a comfortable and supportive process. One business owner described the application process for impact investment as more inviting, having more personal human connections as compared to the clinical and computer-dominated processes of commercial banks. She ultimately decided not to accept funding from Bank of America because of the personal relationships established through impact

investing. For the bakery owner, she mentioned that she felt uneasy while dealing with commercial banks. She felt like banks were more likely to “judge” her and her business, but she mentioned no such feelings of unease when working with “smaller community lenders” like BII. She characterized BII and other lenders like them as supportive, collaborative, and effective, saying that the overall process of receiving investment was one where multiple smaller lenders “came together” to offer her these loans. These business owners largely described the application process positively. Only one business owner whose financial needs were met characterized the application process for impact investing as similarly onerous to other fundraising processes. He owns a sustainability-focused automobile company and has much higher capital needs as compared to other small businesses due to the expensive nature of automobiles. He described going after multiple rounds of fundraising from multiple sources, including impact investment, angel investors, venture capital, and traditional commercial banking sources, characterizing all these sources in similar ways as exhausting, repetitive, and stressful. However, for most of the business owners, the application process was either neutral and unremarkable or comfortable and preferable over the process for securing an investment with commercial banks. I want to note that in the context of traditional access to capital, an unremarkable investment application process was more than satisfactory for these business owners, and in fact, it indicated professionalism, trust, and respect.

#### *Investment as a Supportive Environment to Experiment*

The investment itself changed many things for these businesses when it met their needs. Particularly powerful was the supportive environment afforded for and following experimentation. For business owners, trying new things with their business can mean access to new customers, new capital, and new revenue streams. It can also simply be exciting. For small

businesses, experimentation can mean the difference between stagnation and growth, especially if they can access a new market or increase their operational efficiency. Experimentation can also mean changing the structure of their business to make it more impactful for customers or for the internal team, like changing the structure of their profit sharing model to make it more equitable for employees or trying a new type of revenue model. Experimentation fueled by capital provides avenues for transformation, impact, and growth for these businesses, even if that experimentation does not always lead to success for the business. A supportive environment for experimentation can also provide business owners with flexibility that prioritizes their personal growth and development rather than their business's revenues, profits, and other monetary measures.

“It wasn't all about business,” the bakery owner said to me while describing the trusting relationship that she had with her impact investors. For the bakery owner, her business journey showcases the effects of a supportive investment environment. She was facing the consequences of a failed experiment, and her journey of investment gave her not only the financial means to continue her business after that experiment but also gave her the belief that she could. She felt, through her positive personal relationships with her lenders, that they believed in her. The bakery owner started her business in Roxbury, a neighborhood of Boston, and focused on an in-house cafe with select pastries and catering for larger baked orders. As a first-time business owner, when her business started to gain a regular customer base, she naturally thought of opening a new location in a busier part of Boston, the South Station area, a transportation hub near Downtown Boston. She signed a lease near South Station, thinking that the higher foot traffic would lead to higher revenues. However, this decision would prove costly and ultimately a mistake for her business. There were many unexpected costs that she did not fully understand

until after signing the new lease. These costs, like insurance, commercial permits, etc., were ones that she did not have in her original location. These new costs quickly added up, becoming unsustainable for her business. She was losing money, and she became distressed that her experimentation was going to cost her her business, as she was facing potential bankruptcy. She applied for a BII investment around this time to cover the costs of opening up this new location. She reports that her investors understood this need for experimentation from business owners and how sometimes, in the current unfair financial environment for business owners, experimentation can be costly. Her impact investors not only approved her for the loan but also emphasized the flexibility and personal nature of their financial relationship to give her the support that she needed as she was getting out of this failed experiment. She says that she could call and arrange meetings with her investors when she needed to for guidance or understanding. She sometimes could not make on-time payments for her loans, and her investors offered her flexible repayment plans that eased her stress. This emphasis on their human-to-human connection as well as the flexible financial connection aided in her gaining confidence to tackle her debts and maintain control of her business. This loan allowed her to ultimately transition out of the South Station location with her business intact and make the Roxbury location her sole place of business. I want to emphasize that this was a business-saving investment. She was able to pay off her debt in a manageable way, continue daily operations, and retain control of her business. Trying something new often means that mistakes are inevitable. For minority-owned businesses, mistakes in business are often detrimental, potentially terminating, and costly. Impact investing created a stabilizing safety net after uncertain experimentation.

This license to experiment can be seen in other business owners as well. For the construction company owner, she sought an impact investment to try a new type of business

transaction. As a construction company, some clients and projects are slow-paying. They only pay intermittently or at the end of a contract, which makes it difficult to continue regular operation costs like payroll, etc. This posed difficulties for her business as it prevented her from taking on certain clients as she did not have excess working capital to cover the delay in payments. However, when a client appeared with slower capital payments, she applied for a traditional commercial bank loan and was denied due to a lack of collateral. She then tried to go after impact investment to cover the costs of the project. BII provided her with a project-based financing option with an uncollateralized loan option. This allowed her to take on the client while covering all the expenses associated with the project until the contract was complete. She “could test out different scenarios” with these new clients. This uncollateralized loan option allowed her to take on a different type of client than she had before. As we spoke, it also became clear to me that this type of slow-paying client is common in the construction industry. So while her taking on this slow-paying client allowed her to experiment, it also allowed her to compete at the same level as her peer firms, which have the excess working capital or collateral to take on slower-paying clients. When asked about the emotional impact of this loan, she said that it was an unremarkable professional transaction, as it should be. In my time interviewing business owners of color, regular professional business interaction was often not what was received. She was grateful to receive the investment, try something new, and develop her business. Similarly, for the media company owner, the impact investment allowed her to have a permanent studio space and buy her own truck for traveling. Before investment, she was taking costly flights across the country in order to complete contracts or declining contracts because of the distance. With the loan, she was able to develop her business and try something new to save costs in the long run. This type of experimentation was a natural step in these businesses’ development. For

these business owners, the opportunity to try something new and develop their business was confirmation of the type of treatment they deserve. It was a validating, self-fortifying investment. They felt competent, powerful, and pragmatic. Sometimes the ordinary experiments allowing BIPOC businesses to compete on the same playing field as their peer businesses are extraordinary, given the harsh context that BIPOC businesses exist in.

Furthermore, experimentation is how these business owners are building their own worlds and constructing the types of economies that they want to see in the world. For the baker, an economy where trust is centered, hard work is rewarded, and financial responsibilities are always in conversation with personal relationships is vital. Impact investment allowed her to center her relationships, preserving her business while allowing her to meaningfully work toward her future. She wishes that every commercial lender understood this. For the construction and media company owners, fair participation and opportunities to naturally develop their businesses should be expected from our economy, but in its current state, this is not guaranteed. They each experimented to compete with their peer, White-owned business, for which these business developments are unremarkable and often a given. In this way, impact investment gave these business owners a transformative opportunity to put their vision for their business and their place in our economy into practice.

*"I can rest now": The Emotional Ease of Living by Your Values*

Business owners who received satisfactory impact investments were able to have social impacts that aligned with their values, providing them with emotional relief, surety, and gratitude. For one business owner, impact investment allowed her to enact her values of justice, liberation, and equity. She owns a mental health practice in Boston and focuses on liberatory decolonial therapy and mental health sessions for her clients. She started her own practice to

have more independence and control over the type of care that she wanted to provide and bring to the market. As her business was growing, she realized that she would need working capital to keep up with its rapid growth. She began looking around for investments. She first tried Bank of America, but was denied a line of credit. Still needing capital, she decided to take out an extremely high-interest loan with an alternative or predatory lender. She detailed to me how shady and hyperextractive this institution was. She had to pay exorbitantly high interest rates, deeply impacting her financially as well as emotionally. She was constantly stressed, checking her bank account and trying to keep up with the interest payments, let alone the principal. The investments from these predatory lenders were taking a significant amount of her business revenues, hampering her growth, and straining her own mental and physical health. “The stress shaved years off my life,” she half-joked as she was reflecting on these predatory loans. She began noticing that her stress was beginning to affect the company culture. Everyone was on edge and stressed. This shift in culture moved her business away from her initial mission of having a liberation-focused practice, prompting the owner to reassess her financial situation. In 2023, she approached BII and another impact investing firm, and they agreed to invest in her company. BII bought out her existing loans with the predatory lender and offered her a loan with more reasonable interest rates to replace them. This impact investment proved healing and transformative. “I can rest now” she exclaimed after I asked her about how her emotional state changed after receiving an impact investment. Her business outlook completely shifted after receiving an investment. She was not only able to rest, but her outlook on her company and her employees changed as well. She says that her company culture improved, the company’s growth was more sustainable, and her revenues and profit were given a boost after receiving a loan with more reasonable interest rates. She was able to give her employees bonuses and focus on the

future of her firm. She has, in her opinion, cultivated a diverse team of caring, passionate, and liberation-focused individuals. This loan has allowed her to not only sustain her growth but also to reinvest in her team. She is now looking to change from a sole-ownership structure into a cooperative structure where the employees can co-own the business and share in its profits with her. She wants to enact her values of liberation, social justice, and empowerment by shifting the ownership structure of her company into a democratic one. The impact investment not only allowed her to cover her loans but also gave her real license to look into the future and decide what kind of company she wants to have. She is only in the beginning stages of transferring her company into a cooperative structure, but she believes that having an impact investment firm with more financial and legal knowledge providing her guidance in navigating this shift will help her company be successful in this transition.

She lives by her values by focusing on her company's social impact. She advocates for BIPOC, queer, trans, and other minority groups, hires almost exclusively BIPOC employees, has been able to provide bonuses to her employees, and wants to turn her business into a profit-sharing one. She also advocates a decolonial, anti-capitalist, and activist-oriented mental health practice. Her business helps her build a world that she wants to see where these values of liberation are embedded in not only outward services but also in the internal structures as well. Her innovativeness and passion were abundantly clear to me when I spoke to her.

I also saw a strong ethos for social impact in other owners as well. The first business owner that I spoke to was the owner of a media production company that received investment from BII. She produces short- to medium-length video products for other businesses, public initiatives, and nonprofits, with an emphasis on organizations with a strong social impact to aid in their marketing. Going into 2021, she decided to take a strategic loan from an impact investor

to focus on business growth. She received multiple rounds of investment from BII and used this funding to buy a truck for her film crew, hire employees, and shift her business into a permanent studio space. She cares deeply about her social impact and advocates for her fellow BIPOC businesses and community members. She sees BIPOC communities' need for increased opportunities for education, professional development, and financial investment. She uses her business to address these needs. Her firm spotlights fellow BIPOC professionals and, on occasion, offers discounted and/or free video products to nonprofits and BIPOC-owned businesses with a strong social impact. Beyond the business's financial impact, she also lends her studio space to BIPOC artists and other community members that want to use it for free or at a discounted rate when her business is not using it. She also recently set up a scholarship fund at her college alma mater that focuses on partially covering college expenses for primarily students of color. She views these social impacts that she is able to have as part of a journey of 'passing forward' her investment. She is grateful for the flexibility that impact investment has offered her. Because of her impact investment and the personal relationship she has with BII, instead of paying back the loan immediately, she can use the revenue and profit of her business to live by her values, give back to the BIPOC professional community, and provide educational opportunities to students of color, all while supporting and growing her own business.

While these specific businesses had built their business operations in ways that aligned with their owners' strong social values, other businesses still had a strong urge for social impact, even if their business operations did not always reflect these strong values as much as the above businesses. Nonetheless, social impact was central to business owners' missions, with many owners' investing financially and non-financially in their social impact goals. These goals mostly emphasized their employees, or their BIPOC communities, and often structured their business to

serve one of these things. Overall, emotionally, these investments gave these business owners the flexibility, attention, and ease to think about and plan what kinds of social impacts they wanted to have. They felt relieved, self-assured, and confident in their business as a result of their actualized social impacts. They often expressed to me how proud they were of themselves and their businesses and that they could positively make strides in their respective social missions. This alignment of social impact with owners' values was in part possible because of impact investment, which supports and encourages these missions.

#### Invested but Underfunded: Impact Investments that Do Not Meet Owners' Needs

To get a fuller picture of how investment interacts with business owners, it is important to understand ways that investment does not always meet the needs of business owners and what the emotional and social impacts of this underfunding are. Out of the 10 business owners I spoke to, 8 received some sort of financial investment; 5 of those 8 business owners had their needs met from the investment, while 3 business owners did not have their needs met. They were often underfunded by BII and/or other impact investment firms or offered different financial products than the ones they initially applied for. Impact investment was not an anathema for these businesses and, in fact, sometimes proved detrimental to business owners' emotional capacities and social impacts. They often felt limited, stagnant, and alone. These business owners present critical perspectives on impact investing. Before continuing, I want to state that I cannot independently verify the merits of the investment, the business, or the investment decisions made. I can only share the emotional lives of these business owners, and how impact investment has in this case, let them down.

*“Exactly the same as the banks”: Impact Investment as Stagnation and Frustration*

I spoke to these business owners towards the end of my interview sessions. They are each in different industries; one is in general contracting, and the other is in the data and technology industries. I will discuss the last business in the appendix of the thesis, as their experiences are somewhat of an outlier. They each had different capital needs that led them to seek funding from impact investing firms. The general contractor sought an impact investment to expand his established long-term business and experiment with a new type of product, potentially allowing him to reach a new market. He had already been serving the Greater Boston area for many years and had been successful in various construction markets. The technology consulting firm owner, on the other hand, was looking to kickstart his firm’s initial growth and build out a robust team of professionals to take on contracts and clients. These two companies operated in different industries and contexts. They each had different years of experience, business models, and revenue sources and levels, but they had many of the same reactions and experiences to impact investment. When they sought funding from BII, they were approved but were offered lower amounts than they applied for. This lower amount was insufficient for their original goals. These business owners could not pursue the growth or the market that they wanted to. For both the general contractor and the technology consulting firm owner, instead of kickstarting their original plans, they used these new investments to pay back some of their high-interest-rate loans that they previously held. For the technology consulting firm owner, the loan was just shy of what he would have needed to build out a robust research, development, and talent retention team. Similarly, for the general contractor, the loan was too small to expand his business to serve BIPOC first-time homeowners. This underfunding stalled both of these companies’ growth and left the owners frustrated.

When I spoke to the general contractor about his experience with impact investing, he equated impact investors with commercial banks and other normative lenders. He previously faced rejection from traditional commercial banks like Bank of America, describing their application process, requirements, and decision-making processes as disappointing, frustrating, and exhausting. He has also dealt with alternative predatory lenders and knows how unfair their loans are. Given this, he was initially optimistic about impact investing. When he went to BII, he was well received, but then something shifted as the application process progressed. He says BII “acted like any other lending institution,” rejecting his business plan citing increased risk. His business plan involved educating BIPOC neighbors about homeownership, supporting them with property management, and renovating undervalued homes—all measures he wanted to do for his community. As he was describing being unable to launch this project due to a lack of funds, I saw and empathized with his sense of defeat. After dealing with numerous commercial and predatory institutions, he was hoping that community impact investment lenders would be different, believe in him, and give him the funding that he wanted. He views the construction industry in the Greater Boston area as largely controlled by White-owned firms. Breaking into this industry in a substantial way requires significant amounts of capital. He wants impact investment firms to take this strategic risk to fully fund companies like his to tackle this White-dominated industry. “This is the right risk to take,” he concludes, frustrated by impact investors and commercial banks using the reasoning of “risk” to consistently underfund BIPOC-owned construction businesses throughout the industry. He tells me that he sometimes feels angry and loses interest in his business as a result of these rejections. “It's hard dealing with banks, but these community organizations are no different,” he concludes, demoralized. He is

still waiting for a lender to believe in his business, trust his plan, and help him grow. This stalled growth fuels comparisons and further dampens his motivation.

For the technology firm owner, he sought funding to expand the offerings of his business. He was aiming to leverage new technologies to target marketing strategies for specific populations. His ambitious projects needed significant research and development tools as well as increased talent, both of which needed investment. He was looking for capital to build out his team in order to build out these sophisticated products. He applied for a loan with BII and was initially met with enthusiasm, but when the decision went to the board, he was underfunded and offered a different financial product than what he asked for, also citing increased risk. He is unsure of the board's reasoning and wishes for a more transparent decision-making process. In the end, he couldn't perform the hiring that he wanted to, nor could he build out the technology that he wanted to. This hampered his business's ability to take on more clients or showcase their new technologies to attract prospective clients. "Timing is key, and we lost that advantage ... we're still looking for that big win." He was discouraged by the fact that impact investing did not give him the capital infusion that he was looking for so that he could develop his business. As a result, he has had to pass on contracts that he wishes he could have accepted due to a lack of staff. He also mentioned how competitors have started to provide similar services to the ones that he wanted to initially provide, potentially leaving his business behind. Impact investment, even though it gave funding for his business to continue operating, did not become part of the solution but became part of the problem. The emotional sting of underfunding became synonymous with his experience of the racial and class hierarchies that exist in the United States. He gave an illustrative analogy that was powerful for me to imagine. He said to imagine a homeless man begging for food; he's hungry for a full meal, and instead of giving that to him, you give him

scraps, a spoonful of rice, and some chips. For the homeless man, he's still hungry for a full meal; you've just prolonged that hunger. The homeless man is not in a better position than he was before, but you think you're changing his condition by donating scraps, but you're not changing anything fundamentally. This stark and desperate analogy was how he reflected on being underfunded. This may be an exaggerated analogy, but it reveals the business owners' anger, disappointment, and resentment towards investment institutions. I also heard and saw the deep frustration and desperation when we spoke. This business owner is still waiting for that full meal to satisfy his capital needs.

Talking to these business owners, I understood the complicated effects of funding and underfunding. Impact investment for them reinforced certain social and emotional realities that they were already facing. Frustration, demoralization, and isolation were the primary emotions expressed in these interviews. They felt disappointed in being underfunded. Their needs were not met. This harsh emotional reality led them to conclude that impact investment exhibits the same structures, problems, and barriers that normative commercial capital and funding institutions do.

#### *Limited Emotional and Social Connections*

For these two business owners, their emotional and social impact was also limited, much like their business growth. A particular emotional truth that I found important is the isolation experienced by these business owners. When I asked a business owner what he would do differently if he could change something, he answered by wishing for more support systems around him. He wished he had partners in his business. The harsh business climate had isolated him. He wished he had like-minded partners around him to bounce off ideas, refine his proposals, celebrate successes, and commiserate failures together. In particular, he was feeling demotivated and demoralized about running his business, so maybe having a community of

partners would motivate him for the future. There was a similar theme of isolation that I encountered with the consultant owner as well. In particular, he wanted to use capital to hire a significant team around him to offer support, take on more clients, develop technologies, and secure future clients. In this way, his social impact after underinvestment reflected his inability to form a team around him. This business owner was still looking for a team to complete contracts, offer talent, and bring skills to his business. He wants a team to correct him as well. He stated that he could use “executive training” to hold himself accountable. This sense of isolation has left business owners with limited constructive opportunities for criticism or feedback.

For social impact, the owners felt like they did not meet their social impact goals like they wanted to. This may be because they were struggling with their own social support systems. The general contractor could not expand his business to tackle homeownership for people like him, and the consultant owner could not bring data-driven sustainability marketing campaigns to the homeowners that he wanted to reach, so even in their social reach, they were limited. They also do not see this pattern of underfunding for their peer White-owned firms, leading to more frustration, isolation, and demotivation. They are thoroughly grateful for the loan that they received; it helped their businesses by clearing some of the high-interest loans from predatory lenders and helped maintain revenues and employees. I do not think, nor do the business owners, that this is the sole result of impact investment; they have been feeling this isolation and lack of support from the entire industry. However, impact investment did not improve any of these conditions. This lack of capital not only limited their growth but also shifted business owners’ trajectory. They had to focus internally to make sure that the business remained afloat. They did not have the access or the opportunity to focus on outward social impacts and support systems, which added to their isolation.

Lastly, the restaurant owner's experience was quite different from the rest of the business owners, and so I have detailed her experience in the appendix of this thesis.

#### At a Crossroads: Not Receiving an Impact Investment

Up until now, I have only examined business owners who have received some type of financial investment. I detailed the emotional contours that investment has exhibited for these owners and their businesses, but for these next two business owners, they have not received any impact investment at all. They were once considered for funding from BII, but for various reasons, they were denied that investment. They have nonetheless maintained a relationship with BII through BII's workshops or advisory sessions and are hoping to be considered for future funding. The differences between these businesses and the earlier ones were almost immediately clear to me when I was talking to them and reflecting on my experience. Lacking investment, these businesses face significant pressure for profitability, increased revenues, viability, and survival. These business owners often described their experience as one where they were at a crossroads. They will have to either secure significant financial investment sometime in the near future or their business will have to downsize or close. One of the business owners owned a beauty brand, and the other owned a culinary company. They were both seeking capital to improve their revenues and invest in their businesses' growth. They wanted to expand their supply lines or increase their marketing to reach new customers. Not receiving that key investment has left these businesses scrambling for other sources of funding, such as angel investors or others. They share the same frustrations with access to capital as the rest of the businesses do but are in a more dire situation. They see banks, investment organizations, and others as "holding onto their money too tightly." This unwillingness to take risks, and specifically to take a strategic risk on their businesses, has left them feeling frustrated and

defeated. This lack of funding from institutions is having negative consequences for their own personal wealth outlook. Both of these business owners are "bootstrapping," or spending their own assets, like their savings or other sources, to finance their businesses. This funding for both of these business owners came from their earnings before starting a business. Using this capital leaves them in a precarious financial position.

Both of these businesses' social impacts are significantly stifled due to their lack of capital. Instead of focusing on their businesses growth and social missions, these owners are solely focused on surviving. Their emotional capacity is spent on navigating the immediate future of their business. Their planning and attention were limited to a timeline of a couple of months when we spoke. Spending much of their time and energy seeking new funders and applying for commercial banking loans. These fundraising applications, meetings, and campaigns are tiring, filled with rejections, and demoralizing. There was a clear frustration around the different criteria that investors required for accessing capital. Both of these owners cited how they do not meet the revenue minimums that banks and impact investors are looking for in order to invest. To them, impact investors and banks are fundamentally too conservative with their finances. They want impact investors, especially, to take a chance on their businesses, even if they do not meet every single one of the financial criteria that they are looking for. Insisting on a perfect fit seems antithetical to having the impact that investors want. This logic seemed counterintuitive and limiting to these business owners. How could they secure investment in order to grow their business' revenue if investors are looking for a set number for revenue? This fallacy has left these owners discouraged from fundraising.

Overall, the result is that these two owners have a strained emotional outlook for the future. One business owner said to me, "If I am going to fail, I better fail fast." The emotional

turmoil of the business is getting in the way of her other priorities in life, namely as a mother. She is one of the primary caretakers of her family, a priority she puts over the business. This frames the emotional context for these business owners. It is often an incredible tradeoff for many of these business owners to dedicate time, energy, and emotional capacity to these endeavors. Business ownership will often get deprioritized or abandoned, devastating the owners emotionally, financially, and socially in the process. These business owners are making a last effort to ensure their businesses' survival. They are emotionally negotiating the next couple of months to see where their financial picture evolves. In the meantime, they are largely limited to stressing, reaching out to funders, and using low-budget tactics to increase sales. These businesses have incredible potential, both in terms of their economic impacts and their social impacts. However, the lack of funding hinders their growth; they are left largely holding off on their vision for the future that they want to see, focusing instead on ensuring their employees get paid, making sure their existing customers' needs are met, and negotiating their own limits and boundaries.

### Conclusions

Through my interviews, there are three different groupings of businesses that have emerged, each having clear and distinct outcomes, experiences, and impacts: businesses that received impact investing and for which that investment met their needs; businesses that received investment that did not meet their needs; and businesses that did not receive impact investment. Impact investment functions in an already harsh environment for accessing capital. Commercial banks exhibit taste-based and statistical racial discrimination in lending. After rejection, business owners are often left wondering if their denial is part of a pattern of racial discrimination exhibited by lenders, a realization that leaves them incredibly demoralized. They sought impact

investing to have another option in this harsh normative capital funding environment. For the business owners whose financial needs were met, they had largely positive outcomes and interactions with impact investment. The application process was smooth; the funding allowed them more independence and afforded them to experiment, grow their business, increase their social impact, and build the kind of world that they wanted to see. They were emotionally encouraged, supported, and ultimately satisfied. For the businesses that were underfunded, their outlook was markedly different. These businesses criticized the process as similar to commercial bank processes. They were limited in their growth, and their business outlook feels stalled. Their emotional outlook on investment has deeply soured. These business owners are left with a complicated mixture of emotions ranging from frustration to gratitude to dejection. They are largely still looking for that supportive investor who believes in their business and wants to see it develop further. In the meantime, they are isolated and limited in their reach. For those businesses that did not receive investment, their outlook is even more dire. They are extremely limited in their scope, largely focused on the survival of their businesses for the next couple of months while actively looking for significant investment. These business owners are negotiating with other priorities in their lives about whether running a business is worth it. They are frustrated and, at times, desperate. Impact investment has a mixed effect on these businesses, allowing some to change their trajectory and completely offering a real compassionate alternative to the traditional model for access to capital, but for others, it is largely indicative of the same capital environment that they exist in, where investors use the same tools, language, and criteria to determine who gets funding versus who does not, leaving them still searching.

## Part 3. Reflections on the Racial Wealth Gap, Agency, and Building Power

### Introduction

The racial wealth gap, as stated earlier in this thesis, describes the difference in net assets between White households and BIPOC households. In Boston, the racial wealth gap is large, sitting at around \$247,000 versus \$0 for White and Black households, with Hispanic and Asian households sitting in between those two. However, it is important to understand how the racial wealth gap is perceived by people and how it is perpetuated and reinforced in our systems, including our investment and capital lending environments. These impact investors have explicit missions to tackle and close the racial wealth in Boston. These business owners are then part of this mission by boosting the net assets of BIPOC entrepreneurs and their families. In order to do this, however, both the systemic as well as the intimate barriers around the racial wealth gap must be taken into consideration. Closing racial wealth gaps means transforming the social, emotional, and economic landscapes for BIPOC households and entrepreneurs. The racial wealth gap plays out in part due to the undervaluing of BIPOC social, economic, and human life. Blackness and brownness are seen as less than Whiteness, therefore unworthy and a “riskier” investment. To change and close the racial wealth gap, then, is an undertaking aimed at not only economics but also people’s perceptions of race, class, hierarchies, and power. Who has investment power, how that power gets used, who benefits from that power, and how they benefit shape how people see the racial wealth gap and how race plays out in their lives. I asked the business owners that I spoke to about their perceptions of the racial wealth gap and whether or not impact investment activities have meaningfully contributed to the closing of racial wealth gaps in their lives. This question strikes at much more than just economics; it brings into the conversation politics, identity, agency, class, childhood, and the personal and familial histories of

these business owners. My own identity as a genderqueer, South Indian, and Asian person oftentimes played a part in my interviews. My positionality, as I've detailed earlier, contributed to how I understood, found solidarity with, and empathized with the business owners. I intimately understand the racial hierarchies within the United States where Whiteness is positioned above BIPOC communities and how that can impact one's sense of self, confidence, perceptions of others, material access to goods, and exposure to harm on a systemic as well as interpersonal scale. As I've stated earlier, being South Indian, Asian, middling caste and changing class status throughout my life has colored how I see racial wealth gaps playing out. Given my own understanding of race, my own childhood, and my own family's navigation of race and economics, I cannot presume to understand all of the experiences of BIPOC business owners in their own navigation of race, class, and power in America. However, I approached these conversations with curiosity, empathy, and a willingness to listen and hold space. I tried to listen deeply and openly to hear what business owners were saying and how they came to those conclusions, asking questions when I did not understand something. I relied on the ethnographic mindset as described earlier to have these meaningful conversations. In my interviews with business owners, we attempted to bridge differences and build a mutual understanding of how race, wealth gaps, immigration, and other systemic forces play out in their lives, how they see themselves, and what they wish for the future. The intimate yet far-reaching reflections below are a result of these conversations.

Similar to the previous section of findings, I have split these reflections into different sections based on broad themes that have emerged from the interviewees. For a quick overview, there were six business owners that saw the changes necessary, in some capacity, through impact investment to bring about the closing of the racial wealth gap. The other four business owners

did not see the changes necessary to meaningfully close the racial wealth gap through impact investment. Below, I go into more detail about each understanding and business owners' reasoning.

### Impact Investing as “A Good First Step”

For the majority of business owners that I interviewed, impact investment represented a step that provided the catalyst, agency, tools, community, and hope to realize the vision of wealth equality. However, even these business owners recognized where investment falls short and the long way we have to go to bring about the robust changes necessary for racial equity in Boston and in the United States. There were also some business owners who reframed the racial wealth gap as a matter of equal opportunity. They saw impact investment as a way for them to have equal participation in the market and not as a way to merely increase wealth amounts. I want to start with the powerful emotional and familial stories that were brought up by these conversations around investment and business ownership for my interviewees. These stories frame what it means for my interviewees to even own a business as a Black, Indigenous, or Person of Color.

### *Agency, Business Ownership, and the Racial Wealth Gap*

For the business owners that I spoke to, owning, receiving investment, and operating a business provides a level of control over one's own financial situation and life that is an invaluable benefit for them. They frame this benefit as combating the harm brought upon by the harsh racial and capitalistic realities that they've seen and experienced throughout their lives. For the bakery owner, for example, when asked about her story and business origins, she initially spoke about her immigrant parents' journeys to the United States, their struggles to assimilate, and the taxing working realities that they faced. Her parents' lives underpinned her own beliefs

and views as she grew into adulthood and beyond. Her parents are West Indian black immigrants who came to Boston and began working in the healthcare and hospital systems of the city. She described how her parents, like many immigrants trying to make a living in the United States, were forced to overwork, were underpaid, and faced unforgiving working schedules. These immigration and assimilation pressures were attributed directly to the working conditions of the hospital systems that her parents were a part of. She grew up understanding the difficulties that her parents were facing, but she was also critical of the “mentality” that it necessitated and fostered in her parents. She describes it as the “immigrant mentality,” one that favors assimilation and traditional paths to success and stability like being a lawyer, doctor, engineer, etc. She describes growing up and being told to “keep her head down and not rock the boat.” For her, that meant being led to law school, a path that she saw as deeply unsatisfactory, where she would be mirroring the same assimilation pressures that her parents faced. She describes this mentality as one that emphasizes a lack of agency: “You live your life only after you retire,” a common phrase that was told to her by her parents. This mentality of assimilation and the lack of agency that it brought to her and her family was something that she not only associated with immigration and racialized capitalism but also reflected in her understanding of her family’s history of enslavement. She describes her family as “a couple of generations... a step away from slavery.” For her, this assimilation mentality stems from a history of colonization and brutalization that has been forced on her ancestors and has been transmuted into her life and her decisions. In this context, she made the incredibly tough and defiant countercultural decision to not pursue law school and instead open her own business, much to the surprise and sometimes pushback of her own parents. The bakery represents not only her breakaway from her parents' ideas of success

but also a foundational claim to freedom, agency, and control over her own future, defying histories of colonization.

She wants to be able to decide for herself what success and wealth look like. In this way, owning a business became integral to her own path to self-realization. The business and its success have been deeply fulfilling and powerful for her. All the business owners that received investment that met their needs, plus one other business owner, described the impact of investment and business ownership as a way of increasing their independence, financial control, power, and agency over their lives. Owning a business has allowed these owners to make choices about what kind of life they want to live. Owning a business involves making countless decisions, like what they want to do business in, how they want to spend their time, where they want to establish their business, who they want to do business with, how they want to grow their business, and importantly, what they want to do with their earned assets. In this way, owning a business has provided these owners with an increased level of control over their time, their finances, and their lives.

This level of control and agency has undoubtedly led to an increase in confidence in many aspects of their lives. When asked about the movement to close the racial wealth gap, the confidence conferred by business ownership and receiving investment aided in their ability to see themselves as part of the movement to close the racial wealth gap. Their resilient self-esteem and self-image have been bolstered by their success in business and fundraising. For example, one business owner said that owning a business, successfully receiving investment, and growing his business have made him see how much work he can perform and the perseverance that he brings to his endeavors. He feels pleasantly surprised at how much he can handle. This ability to handle difficulties then translates into the racial wealth gap. He states that “I believe I can do it too”

when speaking about closing wealth gaps. This drive that his business and investment have aided in embodying in himself has directly impacted his impression of his ability to tackle the racial wealth gap. After gaining more control and agency, the racial wealth gap is not something that they see as completely out of their control; it instead becomes something that they see as solvable. All this to say, they are optimistic about themselves. This optimism stems from their own experiences gaining agency, power, financial wealth, and control over their lives. This is one way that these business owners have emotionally carved paths for themselves to become catalysts for closing the racial wealth gap.

Having this confidence and sense of agency, however, does have limits. For all six business owners that I spoke to, they recognized the bounds of their own individual efforts. For them, the current state of their businesses, limited impact investment options, and the limited level of systemic support that they see to close the racial wealth gap inhibit the amount of progress that could be possible in their lifetimes. This is why they only see impact investment as a “good first step,” as was described to me by the construction company owner. There is still a need to pursue more robust solutions in order to make broad changes to the racial wealth landscape. The construction company owner, for example, states that even though she has gained the investment and tools to feel like a part of the change to close the racial wealth gap, she views that there are still systemic barriers too pervasive to just be solved by businesses. She correctly brought up how housing value disparities between races in America determine a large part of the racial wealth gap, and to tackle that problem, there will need to be deeper investments, policies, and actions that she has not seen yet. Even for the bakery owner, she concedes that while she feels like she is part of the change, she also believes that the gap itself is not going to change with her generation. This moderation of their optimism started when the systemic nature of

racism and racial wealth gaps were brought up. For the bakery owner, she views the systemic nature of the wealth gap as having to do with the fundamentally pervasive undervaluing of people of color, especially Black people, in this country in many aspects of work and life. To be able to see the closing of the racial wealth gap for her, this system of racial hierarchy has to be fundamentally dismantled and transformed—changes that she has yet to truly see.

Another dimension that was brought up through the interviews was that there are other interlocking systems of oppression at play that affect these entrepreneurs' ability to close wealth gaps. Many entrepreneurs mentioned the gender wealth gap and how systems of gender-based oppression have affected them. Women were seen as having to work harder and facing higher barriers as compared to men. An unfairness they contributed to furthering wealth gaps. There were also mentions of class-based systems of hierarchy in that even though owning a business helps these business owners receive income and wealth, there is still a barrier to reaching the generational wealth status of many Americans. One business owner put it as “I can get rich, but not wealthy,” delineating between “rich” and “wealthy” as class distinctions. These systems of hierarchy and oppression are intertwined with systems of race and racial hierarchies. These interlocking systems and the lack of transformative changes around these systems have also contributed to business owners' hesitancy in being able to see the racial wealth gap close in a significant and robust way.

Overall, the increased sense of agency, control, confidence, and power fostered by business owners by owning a business and receiving impact investment remains an optimistic signal in their ability and perception to see a future where racial wealth is closed. This is an inspiring outcome and showcases these entrepreneurs' hard work, resilience, ambitions, and successes.

### *The Tools Gained to Close the Racial Wealth Gap*

Entrepreneurs not only gained an increased level of agency, control, and confidence through investment, but they also gained a number of tangible skills and new perspectives that they have attributed to supporting their optimistic outlook. These new tools were gained through multiple different avenues. Some they gained as part of BII's programming, others just by the process of receiving investment, owning a business, and/or fundraising in general. Some of these skills may not be solely attributed to impact investment, but they may be something that business owners acquire through owning and operating a business. These new skills and perspectives have contributed to these business owners' confidence that they are part of the transformative change to close the racial wealth gap.

The most common skill that the business owners report that they gained is a vocabulary of finance, investment, fundraising, and accessing capital. This vocabulary has given them insight into the world of fundraising and investment, which is often gatekept. The first business owner that I spoke to said that the vocabulary around investment provided her with a way to understand where money and capital reside and how to properly ask for financing from those sources. Understanding the language, different needs, and culture around different types of investment, like equity financing, angel investing, venture capital, impact investment, and traditional commercial bank investments, can open up many options to business owners who are seeking financing. There are also certain ways to position your business, whether as a new venture, a growing business, or other frameworks, that can appeal to and speak to certain funders. One business owner attributes this financial education directly to BII and their educational programming around investment, while others attribute this increase in knowledge to business ownership in general. Business owners describe this increase in financial literacy as a

marketing tool that has helped them reach new fundraising options, aiding in their confidence and self-reported ability to finance their business.

Other related tools that have helped them feel confident in their business and their ability to close wealth gaps are their increased connections to other impact lenders and investors. Accessing the world of investors has in part been made possible because of the impact investment itself, owners' own increased financial literacy and ability to market themselves, better understanding of where to reach funders, and the validation that investment has provided. One business owner described how learning about impact investment and other types of investors has opened up avenues for her to secure further funding. She recently got connected to attend a conference with like-minded investors in Nantucket, MA, that she would otherwise not know about. Having connections to impact investors has led her to make connections with other funders as well that she can leverage for her business. Another business owner describes receiving investment as helping him position his business differently due to the legitimacy that he has gained from the investment. He says that other investors are more eager to invest and find his business more trustworthy as a result of the investment that he has received. This has led to an increased number of connections with potential funders as well as an increased confidence in speaking to investors in a language that they understand.

Another significant perspective change that was reported by the business owners was a shift in how they thought about and related to money. Business owners often spoke about 'exit plans' and their thinking around retirement from their business. Before investment and business ownership, they perceived money as something to pursue, not something to invest. Now, however, after gaining financial stability, they are looking towards their own assets as potentially investible options for securing their futures. Many business owners expressed this view. One

business owner described this perspective shift around money as one that inspired her to begin “diversifying her retirement portfolio,” understanding that her current business assets can only take her so far. Some business owners recognized that they could not operate the business in perpetuity; they needed a plan for retirement. They expressed that owning a business takes significant time and energy, and as they age, they are wary of shifting priorities. One business owner connecting it to racial wealth recognized that if she wanted to continue tackling wealth gaps, then she needed to financially plan beyond the business. The business assets can only grow so far and so fast given the capital environment, so she is now investing her existing assets in other areas like real estate to look for further financial growth. Other business owners expressed similar ambitions with their finances. While business owners did not speak to me about retirement at length, it was clear that they were actively planning their exit plan, something they reported they would not have thought about prior to their business and investment journeys. This perspective shift may be associated with receiving investment, their business's growth, or their priorities shifting as they age. Regardless, this holistic thinking around retirement, exit plans, and diversifying investments contributes to their increasing agency and their confidence to tackle racial wealth gaps.

### *Conclusion*

Overall, the business owners that received investments that met their financial needs reflected quite positively on closing the racial wealth gap, even if they had some reservations. They felt their own agency, control, and power increase through receiving investment and business ownership. Owning a business has allowed them to gain a sense of control over their lives. This sense of agency and control sometimes directly combats the harm that racism, colonization, and other systems of oppression have imposed on their lives. They gained

confidence in their own capacities and abilities. This ultimately helped them to conclude that they can indeed have an impact on closing the racial wealth gap. Their reservations around this movement stemmed from the systemic nature of the racial wealth gap, along with other intertwining wealth gaps like gender and class. They understood that more actions, investments, and policies would need to be enacted on a broad scale in order to significantly close the racial wealth gap. However, in the meantime, they reported many tools that they have gained that aid in their sense of optimism about closing the racial wealth gap. These tools include an increased vocabulary for finance and fundraising as well as an increased ability to navigate their way around the world of lending. They have gained personal connections to other funders and investors that have opened up new opportunities. Lastly, they gained a new appreciation for investment and retirement, all contributing to their confidence and ability to tackle wealth gaps.

#### Impact Investing as “Lip Service”

This section goes into detail about the attitudes and perspectives of those who did not receive investment and those who received investment but were underfunded. In total, this represents four out of the ten business owners that I spoke to. Perhaps unsurprisingly, both of these groups took a more pessimistic attitude towards impact investments’ role in closing the racial wealth gap. They were more cynical, frustrated, and less hopeful than their counterparts. This cynicism reflects their own businesses’ position. As detailed in the earlier section, these businesses often had a more constrained and limited financial, social, and emotional outlook. This colored their outlook on impact investment. For these owners, impact investment did not seem like a viable tool to close the racial wealth gap. It was not working for them, and they could not see how it hoped to work in its current state. Two of the businesses that received investment but were underfunded also had similar pessimistic attitudes towards impact investment and its

ability to close the racial wealth gap. All four of these business owners did not feel their agency or power increase after business ownership, or through funding or the lack thereof. They felt frustrated, powerless, and dejected. They were constantly stressed and felt small and not trusted by lenders. They concluded that they could not see how impact investment could close wealth gaps as it had not helped them do so in their own lives.

Despite some of the heavy emotions that arose during these interviews, these business owners were also incredibly clear in their wants for the future. They knew what kind of systems they wanted to see and how they wanted to be treated. They had many ideas and suggestions to bring about this transformative change that the other business owners perceived. I will detail their suggestions and thoughts below as I understand them. These suggestions and thoughts are reflections of the emotional state these business owners find themselves in and are changes that these business owners felt would help them feel more supported, trusted, and capable.

When I asked these business owners if they felt like they were part of a change that impact investment is heralding that will eventually close the racial wealth gap, the most common response was to scoff and state, “That doesn’t apply to me.” One business owner felt as though this mission of closing the racial wealth gap and uplifting BIPOC people felt false and was “a lot of lip service.” Impact investment to close the racial wealth gap felt hypocritical to him, not only because he was underfunded but also because the process of impact investment felt the same as other commercial lending processes. He felt tired of hearing the same “excuses” used to deny him his full funding. He would say that impact investment institutions and banks both use the language of “risk,” they both have processes that are obscure and not transparent, and both use “corporate boards” to make final decisions removed from the relationships and criteria that he felt should be important. He calls attention to the fact that if these systems of decision-making

use the same frameworks as commercial banks, then the racial wealth gap will not change. This may or may not be true, but it reflects the stagnation and frustration that he felt towards the investment that he received. Another point that he brought up is that, even though he was underfunded, he still wanted to be considered for full funding in the future. He felt as though impact investors should re-invest in businesses that they have underfunded at a later date when investors can see the consistency of his loan payments, emphasizing trust and relationship building. The other business owner who was underfunded felt similarly. He also felt that the mission to close the racial wealth gap was “not going to happen.” He felt deeply frustrated and questioned who would benefit from the impact investment. Even though he received funding, his business was still stagnant. He also felt that the amount of investment was not going to be large enough to have a meaningful impact on wealth gaps. He also questioned the capitalistic model that impact investment runs on and advocated for a social capitalistic model where profit would be considered only after other social impact factors were considered, like people and the industry of business. For the four business owners for whom impact investment did not meet their needs, they felt similar emotions of frustration and dejection. They did not think that impact investment could meaningfully close the racial wealth gap because of a lack of large-scale investment, relationship building, and trust.

Overall, these business owners who were underfunded or not funded at all felt like their businesses were stagnant or deteriorating. They did not see any meaningful changes in the racial wealth gap occurring through impact investment. They raised some suggestions on what could be changed in impact investment processes to help them feel more believed in. They wanted serious opportunities to receive investment or re-investment if possible; they disliked the use of “risk” in investment decisions; and they felt as though their decisions were not made in a transparent

process. In order for impact investment to begin closing the racial wealth gap, these business owners want to see accountability, relationship building, and trust-centered investing processes.

## Part 4. A Case-Study Ethnography of Fresh Food Generation: How Investment Entangles itself with a Neighborhood

### Introduction

Up to this point, everything that I have presented in this thesis revolves around the interviews of business owners. They presented their perspective on impact investment and what it has meant for them emotionally and socially. For this next section, I want to move away from the business owner perspective. It only provides one window into understanding investment. Another perspective that I wanted to examine was the neighborhood that a business operates in. After I learned that impact investment played a part in securing the physical location of Fresh Food Generation, I wanted to understand how neighbors are interacting with the space, what ideas they see the business interacting with, and how neighbors speak about investment, food, and the surrounding area. I also wanted to understand how the business understands itself as a community space, what ideas it's engaging with to create a story of the neighborhood, and what context its presence is in response to or creating.

### *A Look at Codman Square and Fresh Food Generation*

To understand the forces shaping Fresh Food Generation's interactions with neighbors and the Codman Square neighborhood, I want to start with a brief look at the history of Codman Square and what forces have shaped the neighborhood's development. Codman Square, sitting in central Dorchester, is a vibrant Black and Brown neighborhood in Boston, MA. Its population is 50 percent Black, 20 percent Hispanic, 7 percent Asian, and 4 percent White (City-Data 2023). It is a neighborhood of immigrants, with many Jamaican, Dominican, Haitian, Trinidadian, Vietnamese, and many other immigrant communities calling the area home. The area is also primarily residential and family-oriented. There are many schools, community centers, churches,

and a Boston Public Library branch serving the area. Codman Square is a vibrant, community-oriented neighborhood. It has also been grappling with the aftermath of decades of redlining, blockbusting, White flight, and other suburbanization and disinvestment processes (Walczak 2020). Codman Square used to be a predominantly White neighborhood in the 1940s and 1950s, with many Jewish, Italian, and Irish communities making up the majority of the population in the area. However, with suburbanization beginning to take hold, discriminating mortgage practices in Boston suburbs, racist redlining, and blockbusting practices becoming more and more entrenched, the neighborhood demographics shifted radically to be more Black, and lower income (Walczak 2020).

As suburbanization and White flight devastated the neighborhood, it left a place with a much higher concentration of poverty and disinvestment. Continuing the process of disinvestment, in the 1970s and 1980s, the neighborhood experienced a real estate collapse. Many people left the area, leaving many homes abandoned, damaged, and neglected (Walczak 2020). However, as these disinvestment processes were taking shape, the neighborhood responded with organization and activism. Many community organizations began forming to tackle the disinvestment, poverty, and health disparities that were present in the neighborhood, including community development corporations tackling the housing issues of the area. The activism brought by many nonprofits and community organizations, along with the arrival of new Caribbean immigrants, has stabilized and created a neighborhood that is involved, diverse, and resilient. That is not to say that structural racism and disinvestment do not affect the neighborhood to this day. During the 2008 financial crisis, Codman Square faced another foreclosure crisis, leaving many homes abandoned or repossessed by banks. Oftentimes, these foreclosures were a consequence of extractive lending practices such as subprime loans targeting

low-income and Black communities (Burd-Sharps and Rasch 2010). The community is still fighting to recover after these decades of disinvestment. It is in this context that Codman Square and Fresh Food Generation have garnered attention from impact investors. Through this attention, Fresh Food Generation received investment from Boston Impact Initiative and other firms and opened a brick-and-mortar location in Codman Square.

### *An Emphasis on Health and Wellness*

I began my ethnography by walking around, observing the neighborhood, and eating at and observing Fresh Food Generation. Fresh Food Generation sits in a new development in the neighborhood. It occupies the first floor of a mixed-use building, with apartment buildings occupying the upper floors. It also sits in a quiet part of the neighborhood. It is not directly on the main commercial street of Codman Square but in a more residential area adjacent to a community center, Harambee Park, and a school. The first thing that stuck out to me when walking around was that Fresh Food Generation was immediately recognizable as sitting in a new building, unlike the surrounding area. The restaurant itself is split into three sections. There is an indoor section where you can enter, order your food, and watch as workers assemble your meal. This indoor section has somewhat limited seating, but the interior is colorful and welcoming, with a black interior with bright green lettering. There is a larger indoor space adjacent to the initial cafe space that is not available to customers but seems to house a larger kitchen and assembly space. This section always seemed busy and active, with many employees working, laughing, mingling, and packing food. This area seems to prepare the bulk ingredients for the cafe space as well as items for FFG's larger catering orders. The last section of the space was an outdoor seating area with large tables, string lights, and banners advertising the restaurant. Compared to the surrounding restaurants in Codman Square, FFG placed significantly

more emphasis on design, with well-curated, bright, and colorful interior and exterior spaces. The food I ordered was minimally processed, included fresh ingredients like fruit, and was un-oily and reasonably seasoned. It was a refreshing and healthy meal. Indeed, FFG markets itself and sees itself as a health-centered business. On FFG's website, the emphasis on health and wellness is clear. The website mentions "no additives," food coming from locally sourced farms, and minimal processing (Fresh Food Generation 2023). Not only does the business' marketing material pay attention to the individual elements of food that the restaurant is serving, but it also states that "everyone should have access to good food no matter their income or zip code" (Fresh Food Generation 2023). This positions the restaurant as speaking to and countering the history of disinvestment in Codman Square.

Lower income Black neighborhoods like Codman Square have faced decades of racism, such as redlining, suburbanization pressures, and disinvestment processes that have stripped these neighborhoods of restaurants, grocery stores, businesses, and institutions that promote health. FFG's emphasis on health and wellness was something that the people I interviewed noticed and appreciated as well. I stood a block or two away from FFG and interviewed people that walked by me and seemed interested. Everyone I interviewed was a person of color, as self-identified, and had some tie to the neighborhood, either being a new arrival, visiting family or friends, or a long-time resident. I would ask people about their relationship to Codman Square, their relationship to FFG, if any, and what they thought of the businesses and restaurants in the area. When interviewing people about their relationship with Fresh Food Generation, out of the people who knew about the restaurant, many emphasized the presence of healthy food options that the restaurant carried as compared to the other restaurants in the area. A neighbor told me that because he is a vegetarian, he likes and frequents Fresh Food Generation, one of the few

restaurants in the area that has vegetarian-friendly options. He went on to say that he cares deeply about his health and his neighborhood's health. He wants to see fewer rates of heart disease and diabetes in his area. For him, eating vegetarian meals tackles these health issues. Another neighbor stated that she likes FFG's fresh smoothies after her workout, unlike the "greasy" options available in other restaurants in the area. Another neighbor emphasized the lack of nice family-oriented community spaces and restaurants in the area. For her, Codman Square did not have a "nice sit-down restaurant." The restaurants around the area were counter-serve locations with no real seating or service options. Many of the restaurants in the area were primarily takeout restaurants, according to her. She hadn't been to try FFG yet, but when I asked her about it, it was next on her list because it seemed like a pleasant, relaxing, and wellness-oriented space. Everyone I spoke to also said that the space seemed welcoming and accessible, despite it being a new restaurant. It became clear to me that wellness and health were a clear reason why many people liked the restaurant.

Walking around the neighborhood, I also observed how different Fresh Food Generation was from the surrounding restaurants and food spaces. Codman Square restaurants have an emphasis on takeout restaurants, fast food options, including McDonalds, and pizza restaurants. There were also restaurants that were smaller in size compared to FFG and served takeout-style meals, which did not, at face value, emphasize health. Fast food restaurants, like McDonalds, KFC, and Taco Bell, have highly processed, addictive, and unhealthy food. With the introduction of neoliberal policies throughout the US, these global conglomerate food options proliferated across the country, especially in low- to moderate-income communities (Nestle 2019), where they often pushed out sit-in restaurants, leading to a lack of fresh local food in low-income areas (Keske 2020). The food landscape is heavily influenced by processes of investment and

extraction. Looking at the other food options around the neighborhood, I also noticed these patterns. There are two larger grocery stores and several smaller corner stores near Codman Square, but only one grocery store seemed to emphasize healthy options: Daily Table Food Market, a mission-oriented nonprofit food market that aims to serve affordable healthy options. The other smaller corner-store markets seemed to not carry any significant healthy options at all. The only healthy options that I saw when I went into these corner stores were the limited options of fresh fruit. The other options mainly included chips, crackers, candy, and other snacks that seemed salty, processed, and sweet. Given these global food patterns, disinvestment processes, and Codman Square's history, FFG's emphasis on health and wellness establishes itself as one of the few health-oriented spaces in the neighborhood. One that neighbors notice and provides a needed and impactful service. While no one that I spoke to spoke explicitly about impact investment or investment at all, it was clear that they positioned the restaurant as 'new'. Neighbors appreciated how this new restaurant emphasized health, contrasting some of the other restaurant spaces in the area. People I spoke to also wanted to see more restaurant options in the area.

### *Welcoming Third Spaces*

I also wanted to attend to the alienating impacts that new businesses can have in BIPOC communities. Businesses spatially change the character of a neighborhood. Businesses have cultural and community values on top of the economic value that they provide (Tuttle 2022). They can be inviting and welcoming places to gather, share knowledge, organize, and merely exist. However, businesses can also be a site of alienation and exclusion if they are businesses that are inaccessible to community members, low-income people, and BIPOC. In neighborhoods experiencing large changes such as gentrification, new businesses may not meet the needs of

long-term lower-income residents but instead cater to the needs of incoming wealthier residents (Tuttle 2022). They may have flashier options, high-priced items, or an aesthetic that appeals to outsiders, which can lead to the existing neighbors feeling alienated from their neighborhood (Tuttle 2022). This is especially true for new businesses establishing in BIPOC and lower-income neighborhoods experiencing a racial shift in the population. A sense of resentment can develop toward new amenities and features among long-term residents as they view these changes as signs that they may soon be replaced by wealthier White newcomers. There were many people that I interviewed who had not been to FFG. They did not know about the type of cuisine served or generally lacked awareness about the restaurant. However, every interviewee, when asked if they would go to the restaurant or could see themselves going, said yes. They thought the space was accessible and approachable. It seemed as though they did not view FFG as an outsider's space, but they did perhaps lack some awareness or excitement for the space or its cuisine.

To further understand the community context of FFG, I attended a Ujima Cafe day that took place in FFG's outdoor space. Ujima Cafe is part open hours and part hangout that is open to the public but features members of Boston Ujima, a democratically led impact investment firm primarily serving working-class communities of color in Boston like Dorchester, Mattapan, and Roxbury. Ujima Cafe occurs once a month and features board and card games, free food, and a relaxed outdoor environment. I went with a friend and was a participant-observer. Fresh Food Generation provided the venue and the food for the event, while Ujima members brought games and music. There were around 8 to 10 people attending the event, with some coming later and others leaving earlier. There was an assortment of foods such as coconut rice, jerk chicken, jerk jackfruit, and juices. The event was simple, wholesome, low-stakes, relaxing, and nourishing.

There were people having conversations, catching up with friends, meeting new people and asking questions, getting to know one another, and playing games. The event was Boston Ujima and FFG's attempt at building a 'Third Space'. Restaurants are a key source of neighborhood gathering and community building. They offer a place for people to socialize, gather, and relax, which can be vital for BIPOC communities that may not have any other space in their neighborhood to do so. Minority-owned businesses can be a source of care for minority communities in the US. They offer refuge and a key cultural touchstone to many minority communities (National Urban League 2024). They are often spaces where people of color can be themselves and show up as their whole selves. Restaurants are vital third spaces for many communities in the US as sites of social interaction and cooperation (Low 2020). They offer a space where people can come, see their neighbors, and form a common identity. This other space that is not work or home can underpin a community's social fabric and makeup (Low 2020). While some of the people at the event were not from Codman Square or Dorchester, there were some who were from the neighborhood. I spoke to one longtime neighbor who attended. Some people walking through the adjacent sidewalk were also curious about what was happening and seemed interested in joining for future events. Overall, it was a small gathering but highlighted the usage of FFG as a third space for the Codman Square and Dorchester communities. While this event emphasized relaxing and gathering at the restaurant, the food business' operations seem to straddle the restaurant as well as their catering business. These dual missions and limited indoor seating in the cafe space hinder the third space potential for FFG. However, as third spaces, like sit-down restaurants, have been stripped from BIPOC neighborhoods due to disinvestment processes, it was clear to me that impact investment and Fresh Food Generations

offer a unique opportunity to bring these spaces, even if it is once a month or in a limited capacity, back to neighborhoods acting as a real site of care.

### *Conclusion*

Through my ethnography of Fresh Food Generation I gained a window into how impact investment with the right community-minded businesses can counter the harmful disinvestment narratives and realities that have affected BIPOC communities. Codman Square, a primarily Black, Brown, and immigrant neighborhood, has faced decades of redlining, White flight, hyperextraction, and divestment practices that have impacted the restaurant, food, and health environments of the neighborhood. Many neighbors emphasized the unhealthiness of nearby food options like fast food and takeout. In this context, Fresh Food Generation introduced another option that explicitly emphasizes health and wellness. I spoke to neighbors who were curious, appreciated the restaurant's mission, and welcomed FFG's presence. The restaurant also creates an accessible third space, however limited, for the community with its monthly events and promotions. Its strong social ethos, food, and mission translate to neighbors. Impact investment in this case aided the place-based, community-oriented mission of FFG. While there are certainly shortcomings, Fresh Food Generation is attempting to reinforce and build a community around health and wellness in Codman Square.

## Part 5. Learnings and Conclusions

### Discussion

The findings of this thesis follow and build on findings that have been established through previous literature. BIPOC business owners faced many common realities that shaped their entrepreneurship journeys. To start out, all business owners confirmed the harsh capital environments that BIPOC entrepreneurs exist in, as echoed by previous literature. Every business owner that I spoke to had experienced being denied commercial bank loans despite their years in business, revenues, cashflows, business industry, or new ideas, leaving them searching for reasons why they were denied. These experiences of business owners matched patterns of discrimination that banks exhibit, as stated by Klien (2017). The business owners further pointed out their confusing and devastating personal journeys of grappling with potential discrimination or bias as exhibited by commercial traditional bank lenders. Structural racism also played a role in industry selection, occupational segregation, and the limited capital environments that it wraps around these business owners, aligning with Klien's (2021) overview. For example, some of the industries chosen by my entrepreneurs—food service and construction—are undervalued and underfunded by traditional commercial banks and lenders, as confirmed by the business owners.

Furthermore, I saw capital's power to create diverging, fluid, and multifaceted realities, just as Zelizer states (1994). The emotional and social realities of those that received full impact investment versus those that were underfunded or did not receive investment were starkly different. This difference highlights how impact investment exhibits mixed results. It can at the same time bolster a business owner's sense of agency and confidence while dampening and frustrating others' emotional and financial freedoms. I explored this range of emotional realities by examining each possibility for impact investment. The transformative impacts of receiving

full investment are real and tangible. Experimentation and growth framed much of the conversation that I had with this group of entrepreneurs. They expressed how at ease and supported they felt after full investment and how they were able to emphasize their social missions, which oftentimes centered BIPOC communities in Massachusetts. These business owners had a healthy financial outlook and were growing at a rate and in a way that satisfied their owners. They are able to sustain their business in a way that makes sense for them. These conversations showed some of the same positive impacts that business ownership can have on BIPOC individuals, as stated by Headd (2021) and others. These positive findings around impact investment are hopeful. They present a reality where investors, business owners, and communities are collaborating, centering personal relationships, and advancing a more equitable and just future for each. These realities should be furthered.

For the business owners that did not receive investment or were underfunded, I saw the potential harms of business ownership and investment. I saw the emotional consequences of constrained business ownership, as detailed by Simon (2017). These owners were often isolated, limited, stagnant, and in a much more precarious financial situation. They felt unsupported and often mistrusted. I also saw how BIPOC business owners emotionally contend with failure, a reality that I know is more common for BIPOC business owners as compared to their White counterparts (Green 2021). Impact investment for these business owners exhibits the same problems that unsupportive investment environments in general exhibit to BIPOC business owners. Entrepreneurs expressed similar needs for sustained long-term relationship building and accountability with their investors, which Kroeger and Wright (2020) point out are vital for BIPOC business owners' long-term success and wealth building. So overall, while impact investment may target and fund more BIPOC entrepreneurs than commercial lending institutions,

the results of this funding or lack thereof are mixed and exhibit many of the same pitfalls and successes that investment in general exhibits.

Additionally, ethnographically examining Fresh Food Generation also provided key insights into how community-based investing is interacting with neighborhoods and place-making. A note is that while I specifically looked at Fresh Food Generation, a restaurant, other business owners that I spoke to often had their own place-based interventions for their community that they promoted through their businesses. An example of this is a business owner letting small artists use their studio space when business operations are not using it for a discounted rate. Fresh Food Generations' efforts around creating a health-oriented, welcoming third space highlight the positive social place-based impacts that community-based investment can have in a neighborhood, bringing investment around holistic community development efforts to previously disinvested neighborhoods and communities.

Impact investment also showcases optimistic signals around tackling the racial wealth gap and systems of oppression and hierarchy. Discussing the racial wealth gap for many entrepreneurs brought up histories of racism, discrimination, and colonization as suggested by the literature (Shapiro et al. 2013, Chiteji 2010). Through these histories, impact investment and business ownership have provided entrepreneurs with an opportunity to claim power, agency, and healing. Impact investment proved to be a transformative tool in harm reduction for these business owners. I also better understood how these feelings of empowerment functioned for business owners by understanding the shifts in perspectives and tools they gained that supported their confidence and hope. Talking to these 6 business owners who were optimistic about closing the racial wealth gap, they all seemed to gain more connections to other funders that could potentially fill their future capital needs as they arise. They were actively building a community

of investors around them. This increased access to funders, increased understanding of the vocabulary of funding and finance, and a new future-minded perspective around money are inspiring outcomes and may point to the inclusive shifts occurring in the economy. However, these optimistic findings about the racial wealth gap are unequally distributed among business owners. Underfunding or not receiving investment does not change business owners' fundamental access to capital issues that they are facing and leaves them cynical, skeptical, and frustrated with efforts to close the racial wealth gap. They largely don't see investments' positive effects or the transformative economy that funders are promising. These understandings of investment all raise the question of how to evaluate these experiences and what we can learn from these interviews. I will address my learnings and potential recommendations later on, but I want to briefly touch on the limitations of my study and my findings.

### *Limitations*

My thinking around the structure of the interviews and selection of interviewees was to capture the often elusive opinions of BIPOC business owners who are in the impact investment world. As potential racial wealth gap 'closers', I thought it was imperative to understand their own opinions on closing the racial wealth gap, whether or not they thought it was possible, what the point of that is, and how they saw their business as contributing to ideas of wealth, control, and agency. I wanted to ask these questions in an environment that felt comfortable so that I could hear their genuine reactions and opinions. For this study, the power dynamics of lender to lendeer played a large part in how I structured my methods. I did not want to have any conflicts of interest or any situations where I felt the lender to lendeer relationship would be damaged or influenced in any undue way. I spent much of my time understanding the world of business owners, so I chose not to interview any impact investors. Their opinions and understandings are

not included in this thesis, as it solely focuses on the business owners and the community that the business sits in. Structuring the interviews this way gave me access to business owners oftentimes unfiltered opinions. I centered on business owners in my study. This choice does limit the conclusions that I can draw from these interviews. The research in this thesis cannot make claims on the validity, actual social impact, and potential risk of investment in these businesses, nor does it have the reasoning of the investors on their decisions to invest or not or the context surrounding their decisions. These business owners all had relationships with investors at different times in different contexts and with different considerations that may have contributed to which of them received investment and which did not. Timing, as I've learned through my interviews, is vital to business. I'm sure that given these omitted contexts, some of these businesses would have genuinely been a 'risky' investment, may have lost money, and perhaps did lose money to the investors. I cannot know what set of decisions the investors were faced with to fund or not fund these businesses. I can, however, make claims based on the experiences of these business owners and understand how the investment can transform or reinforce the harsh dynamics of capitalism that these business owners operate in.

### *Impact Investment Implications*

Some key learnings emerged as I was performing the interviews that I want to share as potential recommendations and things to keep in mind for impact investors. These findings are taken directly from the business owner interviews, with some of my own reflections bolstering these ideas. The recommendations come from business owners across all groups featured in the interviews: those that received full investment, those that were underfunded, and those that did not receive any investment. These business owners know what kind of world they want to see

and what systems they would like to see to make that world a reality. These items are in no particular order.

Investors should:

Emphasize community building among business owners beyond current activities such as increased resource and ‘lesson’ sharing, as well as organizing opportunities.

This critique emerged from all groups of business owners. They wanted to see more community-building opportunities among business owners that would facilitate a sense of belonging among all business owners and give them access to a community that extends beyond their own networks and would be open to all impact investment-interested business owners. Through this community-building infrastructure, business owners could share tips, connections, and resources that they have found helpful for other similar business owners. Explicitly structuring community meetings or workshops so that connections are intentionally fostered across businesses should be prioritized. Beyond just educational and social meetings, community building should have an explicit focus on building alternative financial structures that give them real opportunities to shift power to business owners. I speak more about this inclination in the Broader Significance section below. Community building should aim for these business owners to increase their own agency and control. I am reminded of the adage “fight and build” (Shear and Loh 2022). Impact investors should prioritize the dual missions of increasing BIPOC entrepreneurs’ access to capital as well as fostering and building alternative financial systems so that entrepreneurs can feel a sense of solidarity and accountability. Community-building efforts that build business owners’ capacity for investment decision-making should be prioritized. Part of feeling the ‘transformative’ impact of impact investment may be the increased sense of

community that occurs for business owners that receive full investment. Investors should try to extend this sense of community to those that are underfunded or don't receive funding.

Ensure that there are transparent processes for the application, assessment, and evaluation processes for business owners with clear reasoning for each decision made.

One of the most common critiques that was leveled at investors is the lack of transparency given to business owners' around their decisions. Clear rules and standards for investment, risk assessment, and other technical details like revenue requirements should be provided to business owners at every step of the application and due diligence process. This lack of transparency is troubling business owners. When they are rejected, this fallback to obscure board processes brings about the same reactions that owners' faced when they faced rejection from commercial lending institutions.

Include businesses whose market will only be other minority or BIPOC customers, and therefore inherently smaller, into impact scoring and assessments (ex. Indian traditional clothing companies).

There were some ethnic businesses that did not receive investment due to revenue thresholds or other criteria but may have been unfairly judged. These businesses' overall market reach may be smaller than that of other businesses. They often only make products for their BIPOC community and not for wider White audiences. These businesses should not be judged on the same standards for revenue thresholds or other assessments that other, more accessible businesses would be. These businesses have important social impacts, however. They may have a

smaller market, but they are filling an important niche, and the impact scoring and assessments on these businesses should reflect this position.

If underfunding a business, reconsider that business at a later date for further funding or support them to receive full funding in other ways if possible.

This recommendation comes directly from the business owners who were underfunded. They understand that sometimes underfunding a business is inevitable. However, they wish that when they were underfunded, there was a standardized path available to them for reinvestment or full investment at a later date. These business owners also pointed out that they exhibit 'good' behavior. They pay back their loans on time and have a sound business model, so investors should reconsider these underfunded businesses at a later date, especially given their competence in their business.

Reconsider the use of the language of revenue thresholds, cash flows, and risk for evaluation that may reinforce inaccessible models used by traditional commercial lenders.

Impact investors using the same language as banks to make their decisions leads to business owners feeling dejected and demoralized. They feel alone and are rejected further. Investors should consider what language they use when rejecting business owners and how that language reframes or reinforces current financial systems. Using risk, revenue thresholds, and cash flow requirements may signal to the business owner that the investor is 'just the same as banks'. One potential avenue for alternative language is to emphasize giving personal and clear explanations. Business owners are seeking personal explanations on why they are not being funded instead of using alienating language that removes people from the process.

Understanding that rejection is painful for these business owners and focusing on the personal relationships involved may mitigate harm in the long run. If possible, investors should move away from using these models for evaluation, but I understand the difficulties in our current monetary system associated with this shift.

#### Understand different industry-related occupation pressures and how they relate to race.

Some business owners felt as though investors did not understand the pressures that business owners were facing in their industries. Investors should aim to closely understand the different racial, capital, and other pressures that business owners face in their specific industries. For example, Black entrepreneurs in the technology space face unique difficulties that may make their presence socially impactful in that industry. Impact assessments should take into consideration what the representation of that entrepreneur means for that industry and if that will meaningfully change things in that industry.

Business owners understood the different pressures that their investors were under in the investment process. Some of these recommendations came up as suggestions from business owners to impact investors by moving past points of tension between the two groups. Beyond these investor-related recommendations, there are several broader implications and thoughts that I have that I will address in the next section.

#### *Broader Significance*

One challenge with impact investing is that it inherently creates a system of winners and losers. Some businesses receive investment, while others do not. This system of winners and losers structures these business owners as 'haves' and 'have-nots', as stated in the article by Hart

and Ortiz (2014). The way that impact investors choose, assess, and essentially pick which businesses to give money to also inherently creates a power dynamic. Capital, as explored by Hart, Ortiz, and Maurer (2014), does not have to be structured in this way of haves and have-nots. However, there has to be associated cultural work to change these ideas. The cultural work of transforming these ideas around capital and accessing capital is lacking through the current efforts of impact investors, as exemplified by the business owners that were underfunded or rejected. If capital is how we structure our moral and cultural relationships with one another, then these business owners felt judged for their rejection or underfunding by impact investors. They felt mistrusted, dejected, stagnant, and/or desperate. These emotions may seem extreme and sometimes exaggerated by business owners, but the underlying issue is that this system of accessing capital is not serving their needs. They felt removed from the process of decision-making and thrust into a system of obscure evaluations and alienation. They did not feel like impact investment was accessible for them. Many business owners' cynical and negative reactions to impact investing and investor efforts to close the racial wealth gap may stem from the simple fact that they were not the ones chosen to receive investment. This lack of funding clearly colors their reality. In some ways, these business owners and their businesses are not improving with rejection. They face no accountability for doing better than their operations. So how can this process, the inherent power dynamic, and emotional isolation be improved?

I started thinking about this thesis after taking Community-Based Investing at Tufts with Deborah Frieze, a founder of BII. Deborah recommended *Decolonizing Wealth* by Edgar Villanueva (2018) through the class, which offers lessons in rethinking our relationships to investing, wealth, and philanthropy to make them more equitable, accessible, and healing. In the book, he says

“Decolonization takes us deep into the serpent’s belly to confront White supremacy... Only then can we heal from the trauma of the separation worldview that divided the world into us versus them and led to exploitation, fear, and suffering. We can lay a new social, cultural, and economic foundation based on new ways of relating to each other and to our resources.”

(Villanueva 2018)

Decolonization, as laid out by Villanueva and others, may offer insights into our thinking through wealth and investment. Importantly for this thesis, he goes on to mention the importance of shifting the dynamics of us versus them, haves vs. have-nots, into one of mutual reciprocity.

“Reciprocity is based on our fundamental interconnection; there is no Other...mutual dependence is necessary for social well-being. All of our flourishing is mutual.”

(Villanueva 2018)

So reframing the investor-investee relationship may offer a key understanding to begin to shift some of these emotional realities for those that are underfunded or not funded. Creating a strong community where investors and investees are all accountable to one another may offer each other what they are seeking. In a model where everyone involved understands that they are in it together, power is shared more equitably in decision-making processes, and each holding the other accountable may give everyone, including the business owners, a sense of community, accountability, and control even when they do not receive funding. One example in the book that I find particularly insightful is that of FRIDA, a participatory grantmaking fund where, for each cycle, 1000 applicants to the fund can review, comment, and vote on the top 100 applicants that will then receive funding (Villanueva 2018; p. 175). This process holds the business owners accountable to each other, invites peer businesses to connect with one another, offers real avenues for improvement for each business, and holds the investors accountable to all business owners. This process requires work on the part of the organization to ensure active participation, a fair and equitable process, frameworks for decision-making and prioritization, and transparent

and honest processes. This is just one model out of many that begins to flatten these power dynamics from investor to business owner, centers democratic decision-making processes, emphasizes education and improvement, and fosters reciprocal relationships. Decolonizing finance presents investors with many lessons that should be explored further to bring more democratic, transparent, accountable, and equitable systems into investment and build robust alternatives to traditional commercial financial systems.

### Conclusions

Impact investment offers a unique opportunity to address racial equity, wealth building, and access to capital in the United States. Accessing capital in the current capitalist system of lending and investment severely affects BIPOC business owners and our communities. Funding is gate kept by banks and other commercial lending institutions that, by using the language of risk, revenues, and other financial jargon, discriminate against communities of color. They leave business owners in a harsh environment where their communities and ideas are deemed too risky.

Impact investment has undoubtedly added a real, more equitable alternative to this incredibly harsh system. Through my interviews, it is clear to me that BIPOC business owners are the priority for impact investors in ways that they are not for commercial banks. They receive opportunities in many ways that they are denied elsewhere. I have seen the real effects that financial investment can have for these business owners and their communities. Their businesses are growing, their social impact is strong, and their emotional lives have become freer and more flexible. They are confident, trusted, and more comfortable. Owning a business and receiving investment have proven to be a deeply healing process for many of these business owners. Their hard work, defiance, and powerful imagination have propelled them to go against family history, intergenerational systemic forces of oppression, and systems of colonization to decide for

themselves how they want to live. The agency discovered and rediscovered by these business owners allows them to carve their own paths, defying the racial capitalistic scripts that have been forced onto them. The sense of agency and power that emerges from these business owners seems to be a powerful and profound consequence of impact investment, and one that is deeply inspiring.

Impact investment for the business owner is just one side of the relationship; these businesses are also interacting with people, fostering communities, and building places that can center care, ease, and counter racist systems. Through my experience observing and interacting with Fresh Food Generation, I understood how its care-centered mission speaks to the history and current needs of Codman Square and Dorchester. Fresh Food Generation, a health-centered cafe space, offers neighbors an opportunity to eat healthy, receive care, and enjoy a relaxing third space in their neighborhood. Impact investment has, in part, made these interactions possible.

However, even as this sense of power and control expands certain business owners' capabilities, other truths emerge. It is equally true that other business owners are struggling with the current system of impact investment. They are still seeking their big break for funding. Their businesses are stagnant, facing a harsh capital system that leaves them operating with less than their peers. They feel diminished and dejected. How can investors bridge these two truths together? These are still open questions that must be tackled. Through my thesis, I have shown that business owners themselves offer many lessons for expanding this vision of impact investment. Business owners are seeking community, transparency, accountability, and care. They want ways to seek funding in an environment that prioritizes relationships and not their bottom line. If we are to move to an expansive mode of capital where we are pushing our systems of power to include more people that have traditionally been left out, then impact

investment may indeed represent a good first step in this process. However, we must continuously be aware of the multiple truths that investment creates—how it opens up possibilities while at the same time closing them. Only by being aware of this interplay of investment and the emotional and social worlds that it creates can we expand our current capital systems.

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## Appendix

### *Business Owner Interview Questions*

#### **Questions for BII BIPOC Business Owners that Received Investment**

##### Introduction:

- Interviewer Introduction:
  - Name, Pronouns, Background, UEP at Tufts, Explain Research Thesis Question
  - [Re-explanation of informed consent]
  - Throughout the interview I will use the words ‘community’ and ‘neighbors of color’ interchangeably; just know that unless specified if I’m speaking about community, I am specifically trying to address people of color
- Interviewee Introduction:
  - Hi, thank you so much for taking the time to speak with me. I’d love to get to know you a bit, could you please tell me a little bit about yourself, and give me an overview of your business?
  - What neighborhood do you live in now? What neighborhood and city is your business in?

##### Business Questions:

- What type of capital investment did you receive through BII? Was it a loan or equity investment or neither?

- [Before]What considerations (personal/business) were you hoping to address in applying for this funding?
  - **How did you feel running the business before the investment?**
- [Hindsight/Current] How did/are you use(ing) the investment to support your business?
- **How do you feel about it?**
  - It = receiving funding, moving forward with funding, considerations you spoke about
- **How do you feel about the health and future of your business now that you have received investment?**

Capital and Community Questions:

Now we are going to move on to discuss the social impact of your business, and how it is integrated into your community, neighbors of color and more.

- After receiving investment, did you consider the needs of your neighbors of color and how your business and this added capital could address these needs? If so, what were the needs that you considered?
- How (if at all) has addressing these needs differed practically than what you envisioned?
  - What barriers have you encountered and has this added capital given you more opportunity or capacity to overcome these barriers and address these identified needs? If so, how?
- How would you describe the different, financial and non-financial, ways your business is invested in your neighbors of color currently?

- How has receiving this influx of capital changed the different ways that you are invested in your neighbors of color that you stated above?

Community attitudes towards business:

- Have you noticed any changes in how this influx of capital has changed how your neighbors of color interact with and connect with your business? How has receiving an influx of capital changed, if at all, your neighbors of color attitudes towards your business?
  - [Further prompt if needed] How, if at all, has the feedback your business received from neighbors of color changed since the investment?

Racial Wealth Gap Questions:

So we are going to move on to questions around BII's mission as stated from their website around the racial wealth gap. This is what is stated on the website:

“We believe that by investing integrated capital in entrepreneurs and communities of color, we can be a catalyst for transformative change, building social, economic and political power to close the racial wealth gap and create a more inclusive and sustainable economy.”

*Boston Impact Initiative website, 2023*

- Are you familiar with the Racial Wealth Gap in The United States?

- If not, I am happy to explain
- As mentioned in this BII website, as a POC owned business that received investment, how do you feel like you are or not ‘the catalyst for transformative change’ to close the RWG? [Let them answer, then prompt] Or a part of bringing this ‘transformative change’?
  - What new tools or experiences (if any) have you gained (to address RWG)?
  - If not, what are the barriers? What could help?
- To the best of your ability, How would you characterize what you have heard from your peer POC businesses around these efforts to ‘create a more inclusive and sustainable economy’ to close the RWG? [Then prompt] From what you have heard, do you think your peer POC businesses are noticing this ‘transformative change’ that BII’s website talks about?
- What advice would you give an entrepreneur like yourself who is interested in starting a business as a way to build personal wealth?
  - How do you think running a business translates to personal financial wealth?

Demographic Questions:

- What race(s) do you identify as?
- What gender do you identify as?

Thank you for talking to me, I really appreciate it, and I learned so much from our conversation. I hope that it was an enriching discussion for you as well. Please let me know if

you want to know the outcomes and receive a copy of my thesis, and I can share it with you if you would like through email. Thank you so much, and have a nice day!

## **Questions for BII BIPOC Business Owners that did not Receive Investment**

### Introduction:

- Interviewer Introduction:
  - Name, Pronouns, Background, UEP at Tufts, Explain Research Thesis Question
  - [Re-explanation of informed consent]
  - Throughout the interview I will use the words ‘community’ and ‘neighbors of color’ interchangeably; just know that unless specified if I’m speaking about community, I am specifically trying to address people of color
- Interviewee Introduction:
  - Hi, thank you so much for taking the time to speak with me. I’d love to get to know you a bit, could you please tell me a little bit about yourself, and give me an overview of your business? Like size of business, number of employees
  - What neighborhood do you live in now? What neighborhood and city is your business in?
- How do you feel about the health and future of your business currently?

### Capital and Community Questions:

Now we are going to move on to discuss the social impact of your business, and how it is integrated into your community, neighbors of color and more.

- How would you describe the different, financial and non-financial, ways your business is invested in your neighbors of color currently?

Racial Wealth Gap Questions:

So we are going to move on to questions around BII's mission as stated from their website around the racial wealth gap. This is what is stated on the website:

“We believe that by investing integrated capital in entrepreneurs and communities of color, we can be a catalyst for transformative change, building social, economic and political power to close the racial wealth gap and create a more inclusive and sustainable economy.”

*Boston Impact Initiative website, 2023*

- Are you familiar with the Racial Wealth Gap in The United States?
  - If not, I am happy to explain
- As mentioned in this BII website, as a POC owned business that did not receive investment, how do you feel like you are or not ‘the catalyst for transformative change’ to close the RWG? [Let them answer, then prompt] Or a part of bringing this ‘transformative change’?
  - What new tools or experiences (if any) have you gained (to address RWG)?
  - If not, what are the barriers? What could help?
- To the best of your ability, How would you characterize what you have heard from your peer POC businesses around these efforts to ‘create a more inclusive and sustainable

economy' to close the RWG? [Then prompt] From what you have heard, do you think your peer POC businesses are noticing this 'transformative change' that BII's website talks about?

- What advice would you give an entrepreneur like yourself who is interested in starting a business as a way to build personal wealth?
  - How do you think running a business translates to personal financial wealth?

Demographic Questions:

- What race(s) do you identify as?
- What gender do you identify as?

Thank you for talking to me, I really appreciate it, and I learned so much from our conversation. I hope that it was an enriching discussion for you as well. Please let me know if you want to know the outcomes and receive a copy of my thesis, and I can share it with you through email. Thank you so much, and have a nice day!

*Intercept Interview Questions*

**Verbal Consent Tracking:**

Was the Verbal Consent Script read to the participant? (circle one)	YES	NO
Did the participant give verbal informed consent before any study procedures were conducted?	YES	NO

**Questions for Intercept Interview:**

- Are you 18 years or older?
- What race do you identify as? [only proceed if the self identified race is BIPOC]
- Are you from this neighborhood of Dorchester? If not, where are you from?
- Have you been to Fresh Food Generation before? If so, for what purpose were you there?
- Overall in a few words, what are your thoughts about this business?
- Would you go to this business again? Why or why not?
- Do you think this business is accessible to members of your community?
- Do you think this business represents your community?
- Would you describe this business as invested, both financially and non financially, in this neighborhood? If you could explain why or why not in a few words. Are you familiar with the different ways that this business is invested in your neighborhood? If so, could you please elaborate?
- Do you think this business fits in with the community character of this neighborhood? Is it familiar to you? Do you find this business welcoming or unwelcoming and why?

- Do you think this business appeals to people like yourself in your neighborhood? If yes, why? If no, why not?
- Has any of your responses to the above questions changed since you've known this business?
- What businesses, if any, similar to this one in the area do you like going to and why?
- Is there any difference between that business and this business? [Further prompt] Why don't you come here?/Why do you?

### BII Background:

Boston Impact Initiative (BII) is a non-profit impact investing fund founded and headquartered in Boston, MA. They were initially founded in 2013 and officially launched their fund I in 2018. They have an explicit mission to close the racial wealth gap in Massachusetts by focusing on building the financial, social and political power of communities of color. Through their Fund I, they have dispersed around 6.9 million dollars to date to different businesses, initiatives, and nonprofits.

Business owners interested in investment from BII have to undergo an application and due diligence process. The details of their application processes are not public information, as far as I am able to find. Their impact scoring processes are also not publicly available or accessible. BII has a board, investment committee, and staff. While they do not publicly state their decision making processes for investment, I am assuming that decisions around investment have to go through at least some of these organizing bodies before they are fully approved.

BII disperses integrated capital towards various businesses as part of their operations. They disperse a number of different financial products including term loans, lines of credit, convertible debt, and preferred equity. They disperse these financial products to different companies across different industries for their Fund I cohort.

### Anonymous Business Owner Experience:

For one business owner, her financial, social, and emotional needs were also not met in many ways. She applied for funding to grow her business and move out of the space that she was operating out of into a more permanent space. She approached BII in order to achieve this goal. BII initially gave her loan and equity financing. She quickly realized that the initial amount of funding that she secured would not be enough. She had hired more employees, increased her output, and started to find and build out a permanent space. As these expenses accrued, she returned to BII to ask for more investment to cover these increased costs. BII at the time, as self-reported by the business owner, was extremely hesitant to reinvest. BII required the owner to have certain onerous guarantees in order to reinvest. They required her to go through unreasonable processes to show to them that she was worthy of reinvestment. This has soured their relationship considerably. She went on to say that the process of securing funding was long, slow, and frustrating. She had to wait around a year to receive the funding that she wanted. She had to go through an arduous process of checks, due diligence measures, and stipulations including to receive the loans that she wanted. This process left her deeply dissatisfied, and led her to eventually go after another investor for the funds that she requested to bypass BII and clear her relationship with them. This process of securing outside investment also proved difficult. BII, according to her, did not want to share investment and wanted her to buy them out of their investment, which she did. She concludes that as a first time business owner she didn't know what to expect with impact investment and so agreed to and completed stipulations that looking back she would never do again. She remains grateful to BII for the initial rounding of funding, saying that it helped her to get off the ground, but overall she has fraught emotions regarding the process.

I want to acknowledge that perhaps BII's policies, attitudes, and decision making processes towards investment have changed since this owner approached BII, as she received investment early in BII's operations. BII also seemed to have tried to mend the relationship by issuing an apology to the owner, as reported by the owner. I cannot independently verify this information, but I wanted to include it in my thesis to state what I have learned.